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Working document



**UKRAINIAN INPUT
FOR THE PERIOD
JUNE 2023 - MARCH 2024**
to the Individual Annual Report
within 2024 Enlargement Package

EUWA

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CONTEXT

INTRODUCTION.....	5
METHODOLOGY REMARKS	6
1. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS.....	7
1.1. FUNCTIONING OF DEMOCRATIC INSTITUTIONS AND PUBLIC ADMINISTRATION REFORM	7
1.1.1. DEMOCRACY	7
ELECTIONS	8
PARLIAMENT	14
GOVERNANCE	30
CIVIL SOCIETY.....	42
CIVILIAN OVERSIGHT OF THE SECURITY AND INTELLIGENCE SECTOR	52
1.1.2. PUBLIC ADMINISTRATION REFORM.....	56
STRATEGIC FRAMEWORK FOR PUBLIC ADMINISTRATION REFORM.....	56
POLICY DEVELOPMENT AND COORDINATION.....	61
PUBLIC SERVICE AND HUMAN RESOURCES MANAGEMENT.....	66
ORGANISATION, ACCOUNTABILITY AND OVERSIGHT	76
SERVICE DELIVERY TO CITIZENS AND BUSINESSES	81
PUBLIC FINANCIAL MANAGEMENT	83
1.2. RULE OF LAW AND FUNDAMENTAL RIGHTS.....	92
1.2.1. CHAPTER 23 – JUDICIARY AND FUNDAMENTAL RIGHTS	92
FUNCTIONING OF THE JUDICIARY.....	93
FIGHT AGAINST CORRUPTION	150
FUNDAMENTAL RIGHTS	201
FREEDOM OF EXPRESSION	281
1.2.2. CHAPTER 24 – JUSTICE, FREEDOM AND SECURITY	302
FIGHT AGAINST ORGANISED CRIME.....	303
COOPERATION IN THE FIELD OF DRUGS.....	329
FIGHT AGAINST TERRORISM.....	337
JUDICIAL COOPERATION IN CIVIL AND CRIMINAL MATTERS.....	343
LEGAL AND IRREGULAR MIGRATION	365
ASYLUM AND RETURNS	371
VISA POLICY	378
SCHENGEN AND EXTERNAL BORDERS	380
COUNTERFEITING OF THE EURO (CRIMINAL LAW ASPECTS).....	387

1.3. ECONOMIC CRITERIA	393
1.3.1. THE EXISTENCE OF A FUNCTIONING MARKET ECONOMY	393
ECONOMIC GOVERNANCE	394
MACROECONOMIC STABILITY	397
FUNCTIONING OF PRODUCT MARKETS	411
BUSINESS ENVIRONMENT	411
STATE INFLUENCE ON PRODUCT MARKETS	426
PRIVATISATION AND RESTRUCTURING	428
FUNCTIONING OF THE FINANCIAL MARKET	434
□ <i>FINANCIAL STABILITY</i>	434
□ <i>ACCESS TO FINANCE</i>	435
FUNCTIONING OF THE LABOUR MARKET	440
1.3.2. THE CAPACITY TO COPE WITH COMPETITIVE PRESSURE AND MARKET FORCES WITHIN THE UNION	456
EDUCATION AND INNOVATION	457
PHYSICAL CAPITAL AND QUALITY OF INFRASTRUCTURE	465
SECTORAL AND ENTERPRISE STRUCTURE	469
ECONOMIC INTEGRATION WITH THE EU AND PRICE COMPETITIVENESS	470
1.4. PUBLIC PROCUREMENT, STATISTICS, FINANCIAL CONTROL	473
CHAPTER 5 – PUBLIC PROCUREMENT	473
CHAPTER 18 – STATISTICS	498
CHAPTER 32 – FINANCIAL CONTROL	526
2. GOOD NEIGHBOURLY RELATIONS AND REGIONAL COOPERATION	617
BILATERAL RELATIONS WITH OTHER ENLARGEMENT COUNTRIES AND NEIGHBOURING EU MEMBER STATES	618
3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP	627
CLUSTER 2: INTERNAL MARKET	627
CHAPTER 1 – FREE MOVEMENT OF GOODS	627
CHAPTER 2 – FREEDOM OF MOVEMENT FOR WORKERS	696
CHAPTER 3 – RIGHT OF ESTABLISHMENT AND FREEDOM TO PROVIDE SERVICES ..	700
CHAPTER 4 – FREE MOVEMENT OF CAPITAL	725
CHAPTER 6 – COMPANY LAW	752
CHAPTER 7 – INTELLECTUAL PROPERTY LAW	798
CHAPTER 8 – COMPETITION POLICY	824

CHAPTER 9 – FINANCIAL SERVICES	864
CHAPTER 28 – CONSUMER AND HEALTH PROTECTION	966
CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH	1074
CHAPTER 10 – DIGITAL TRANSFORMATION AND MEDIA	1074
CHAPTER 16 – TAXATION	1107
CHAPTER 17 – ECONOMIC AND MONETARY POLICY.....	1135
CHAPTER 19 – SOCIAL POLICY AND EMPLOYMENT	1149
CHAPTER 20 – ENTERPRISE AND INDUSTRIAL POLICY.....	1192
CHAPTER 25 – SCIENCE AND RESEARCH.....	1227
CHAPTER 26 – EDUCATION AND CULTURE	1242
CHAPTER 29 – CUSTOMS UNION	1303
CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY.....	1352
CHAPTER 14 – TRANSPORT POLICY	1352
CHAPTER 15 – ENERGY.....	1365
CHAPTER 21 – TRANS-EUROPEAN NETWORKS.....	1421
CHAPTER 27 – ENVIRONMENT AND CLIMATE CHANGE.....	1432
CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION.....	1467
CHAPTER 11 - AGRICULTURE AND RURAL DEVELOPMENT.....	1467
CHAPTER 12 – FOOD SAFETY, VETERINARY AND PHYTOSANITARY POLICY	1488
CHAPTER 13 - FISHERIES.....	1510
CHAPTER 22 – REGIONAL POLICY & COORDINATION OF STRUCTURAL INSTRUMENTS	
CHAPTER 33 - FINANCIAL & BUDGETARY PROVISIONS.....	1551
CLUSTER 6: EXTERNAL RELATIONS	1560
CHAPTER 30 - EXTERNAL RELATIONS	1560
CHAPTER 31 - FOREIGN, SECURITY & DEFENCE POLICY	1582

INTRODUCTION

The European integration path of Ukraine develops at a dynamic pace. Obtaining the status of an EU candidate, launching the screening process and adopting the Ukraine Facility are **inspiring but also challenging** for the Ukrainian nation and the entire system of public policy making.

The becoming of Ukraine as a full-fledged participant in the **EU's Enlargement policy** is a sign of effective cooperation between our country and the EU side, as well as a positive joint attitude towards gradual progress in achieving key European integration goals.

This report is **Ukraine's first report** after receiving the European Commission's recommendations under the EU's enlargement policy, namely in the Ukraine's Progress Report under the EU's 2023 Enlargement Package of 8 November 2023.

Special attention should be paid to the fact that in order to implement the recommendations of the European Commission in an effective, comprehensive and well-managed way, Ukraine adopted and approved the **Action Plan** for the implementation of the recommendations of the European Commission presented in Ukraine's Progress Report under the EU's 2023 Enlargement Package.

The Action Plan envisages more than 350 actions and involves more than 100 state bodies, including ministries, other central executive authorities, state (military) administrations, other government institutions and local self-government bodies.

Currently, the Action Plan is being actively implemented, and the results are also reflected in this report. In addition, the report contains updates on 33 negotiating chapters, political and economic criteria, as well as data on anti-corruption mainstreaming in the majority of chapters.

This report is the result of **a strong and intensive teamwork** of the Ukrainian state authorities, which includes the hard work of about 140 state bodies and hundreds of civil servants from all areas of Ukrainian state policy. We have made, and will continue to make, every effort to achieve outstanding results on Ukraine's path to the EU.

We hope that this Ukrainian input will be one more cornerstone on the road to a positive assessment of Ukraine's progress, and to Ukraine's future return to the European family through EU membership.

We express our deep gratitude to **DG NEAR** and the entire **European Commission** for the thorough and consistent support of our team in the preparation of this Ukrainian input and the progress of our European integration goals.

METHODOLOGY REMARKS

This Ukrainian input covers the period **from 15 June 2023 to 31 March 2024**.

It is also worth noting that the **statistical data** provided in the report are for the full year 2023 and, if available, for the first quarter of 2024, in accordance with the instructions of the European Commission.

The information for each negotiation chapter (or sub-area, where relevant) within this Ukrainian input contains **the following structural parts**:

- answers to the guiding questions provided by the EU side;
- additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package, that includes information that is not covered by the guiding questions but is important for understanding the progress on the chapter/area (where relevant);
- information on anti-corruption mainstreaming in accordance with the European Commission Guidance (applies to chapters 1, 4, 5, 9, 10, 11, 12, 14, 15, 16, 22, 23, 24, 26, 27, 28, 29, 32, 33);
- information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement package.

It is also expected that this Ukrainian input will be **updated** with data for the period March 2024 - August 2024 and provided to the European Commission by 9 September 2024.

1. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

1.1. Functioning of Democratic Institutions and Public Administration Reform

1.1.1. Democracy

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УКРАЇНА

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ELECTIONS

Answers to the Guiding Questions

From 24 February 2022, due to the imposition of martial law in Ukraine following the war of aggression of the Russian Federation, no elections, including regular parliamentary and presidential elections, were scheduled or conducted in Ukraine. This stems from the corresponding prohibition in the current legislation.

• *If there were no elections held in the reporting period, assess the degree to which recommendations of the latest OSCE/ODIHR and the EU (for Kosovo) Electoral Observation Mission (EOM) have been followed up/implemented, notably those related to:*

• *The capacity of the electoral management bodies to conduct elections in an administratively effective, politically impartial, and transparent manner*

The Central Election Commission actively cooperated with the International Foundation for Electoral Systems (IFES) within the framework of four international technical assistance projects, namely: "Program of Effective and Responsible Politics" (U-RAP) (Component III), financed by the US Government through the US Agency for international development; "Resilient Institutions, Societies and Elections" (RISE), financed by the Government of the United Kingdom of Great Britain and Northern Ireland through the Ministry for Foreign Affairs and International Development of the United Kingdom (FCDO); "Ensuring the effective participation of citizens in the implementation of reforms for gender equality", financed by the Government of Canada through the Ministry of International Affairs of Canada (the project operated until 29 March 2024); "Promoting the Rights of Persons with Disabilities through Inclusive Law and Policy Development", financed by the US Government through the US State Department / Bureau for Democracy, Human Rights and Labor Relations (DRL) (the project operated until 30 September 2024); as well as with the Office of the Council of Europe in Ukraine under the international technical assistance project "Support for democratic post-war elections in Ukraine". From September 2023 the Central Election Commission has also become a recipient of the international technical assistance project "Cyber security of the Critical Infrastructure of Ukraine" by DAI Global LLC.

The aforesaid projects are directed, *inter alia*, at improvement of the electoral processes and election administration system with the aim to enhance trust in electoral processes, increase of the level of awareness of citizens about the importance of inclusivity, gender equality and participation of women in socio-political processes, facilitation of the engagement of voters in elections in Ukraine and abroad under the electoral law, obtainment of the expert knowledge on elections and electoral law reform, etc.

The Central Election Commission also signed four Memorandums of Understanding with the election administration authorities of foreign states, namely:

the Central Electoral Council of the Kingdom of Spain, the Central Election Commission of the Republic of Moldova, the Permanent Electoral Authority of Romania and recently (in March 2024) with the Australian Electoral Commission.

On 8 November 2023 an agreement regarding membership of the Central Election Commission in WEM-International (International Association of Women in Election Administration) was signed. The primary goal of this document is the promotion of equal representation of women and men at all levels of the election processes.

In November and December 2023 representatives of the Central Election Commission participated in the Strategic Session "Gender-balanced participation and representation of women and men in socio-political and electoral processes in the post-war period: needs, challenges and necessary support measures", dedicated to the gender equality and possible measures in this area, and the Second High-Level Dialogue "Good Democratic Governance in Ukraine: Achievements, Challenges and the Path Forward in the Post-War Period", organized by the Council of Europe for the discussion of further actions to improve the legal framework, particularly in the area of elections in the light of European standards, practices and experience of the EU member states.

The Central Election Commission, in cooperation with international partners, launched initiatives aimed at development of a communication strategy and an awareness-raising campaign to be conducted during the post-war elections.

- ***The accuracy of voter lists and voter registration processes***

The Central Election Commission operates as the administrator of the State Voter Register (hereinafter - the Register), thus ensuring its maintenance and functioning in accordance with the law (article 17(8) of the Law of Ukraine "On the Central Election Commission").

In order to ensure the integrity of the database of the Register, preserve the corresponding personal data, entered therein in accordance with the Law of Ukraine "On the State Voter Register", as well as to protect the Register against unauthorized access, unlawful use, duplication, distortion and destruction of the data, ensure cyber security of the automated information and communication system of the Register (hereafter – the Register's AICS), the Central Election Commission temporarily suspended both the functioning of the Register's AICS and maintenance of the Register by the relevant maintenance bodies for the duration of martial law (Resolution of 24 February 2022 No. 61).

At the same time, considering the challenges encountered by Ukraine as a result of the war of aggression of the Russian Federation, in particular in the information area, the Central Election Commission adopted measures to enhance the functional capacity of its IT infrastructure, adjusted soft and hardware information security tools in the Register's AICS, secured access to this system exclusively through qualified electronic trust services, as well as introduced modern

technologies for information protection and cyber security.

According to the Resolution of the Central Election Commission of 14 September 2023 № 60 the Register's AICS was undergoing a trial operation, which was of a technological nature and did not involve processing of voters' personal data. At the same time, the Central Election Commission received a certificate of compliance, registered in December 2023 by the Administration of the State Service for Special Communications and Information Protection of Ukraine, which certifies that the information security system of the Register's AICS ensures the protection of information in accordance with the requirements of regulatory documents on technical protection of information.

By the Resolution of the Central Election Commission of 22 December 2023 No. 83 the functioning of the Register's AICS was resumed with regard to the periodic actualization (update) of the database of the State Register of Voters in accordance with the procedure under the Law of Ukraine "On the State Register of Voters". The actualization of the database of the Register is currently in progress, in particular for the period from February 2022 – the period when the voters' personal data was not periodically updated by the Register maintenance bodies. At the same time, it is noteworthy that the aforesaid process is performed without the engagement of the maintenance bodies that are not functioning either due to the temporary occupation by the Russian Federation or the conduct of hostilities on the respective territories.

- ***The media oversight of elections***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Women's participation in elections (include information regarding the existence of legal quotas, as well as voluntary party quotas)***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Other specific issues covered in priority recommendations of the EOM***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Is there any strategy/action plan, including changes in the legal framework and/or practice aiming to address the recommendations of the EOMs? If so, assess state of implementation, resources (human and financial) dedicated and if concrete results already produced.***

The Central Election Commission continued to implement measures to address the problems related to organization and conduct of the post-war elections, particularly within the framework of the working groups, established in accordance with the resolutions of the Chairman of the Central Election Commission of 10 March 2023 No. 17-19 for the development of an action plan for organization and conduct of the post-war elections, mechanisms for actualization of information of the voters for the purposes of the post-war elections; as well as proposals for organization of the voting process for voters that are located or reside in a foreign state on the day of elections.

As a result of the actions of the aforesaid working groups, *inter alia*, the following was achieved: risks that may arise during the post-war elections and their impact on the organization of the process were identified and assessed, the relevant counter measures were developed; a list of external stakeholders was developed and an analysis of the possible nature of interaction between them and the Commission during the organization of the post-war elections was conducted; with the consideration of mass migration, electoral logistics problems and financial costs, possible mechanisms for ensuring the voting of Ukrainian citizens abroad were developed; amendments to the legislation regulating issues related to the organization of elections after the termination or lifting of martial law in Ukraine were developed.

Besides, the Resolution of the Cabinet of Ministers of Ukraine of 25 April 2023 No. 372 approved an Action Plan for 2023-2024 for the implementation of the National Strategy for the Creation of Barrier-Free Space in Ukraine for the period up to 2030, which under area 2 "Information Barrier-Free Environment" included tasks 37 "Ensuring access to information for persons with disabilities and other low-mobility groups, particularly in terms of the electoral and referendum processes and the exercise of the respective rights to participate in them" and 39 "Ensuring that the usage of state budget funds by political parties, whose candidates with disabilities have become deputies of councils at various levels, foresees an inclusive policy to support candidates with disabilities", as well as determined measures for implementation of these tasks.

Remarkably, because of the war of aggression of the Russian Federation, the number of persons with disabilities in Ukraine is increasing. Realizing the associated challenges for the administration of the electoral processes in the post-war period, the Central Election Commission undertakes all possible measures to ensure voter access to such processes. In particular, at the initiative of the Central Election Commission, the Action Plan for 2023-2024 for the implementation of the National Strategy for the Creation of Barrier-Free Space in Ukraine for the period up to 2030 was amended by the Resolution of the Cabinet of Ministers of Ukraine No. 297-r of 2 April 2024, introducing into the area 4 "Social and civil barrier-free" a new task - 76(1) "Creation of conditions for the implementation of personal voting at national and local elections", the measure of implementation of which is the development in 2024 of regulatory documents on the procedure for providing persons with disabilities and other low-mobility groups in voting premises with reasonable

(auxiliary) means and determining their approximate list and types.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

Page 8 of the working document "Ukrainian input to the individual annual report" (2023 Enlargement package) of 19 April 2023 indicates that articles 154 (12) and 219 (9) of the Electoral Code of Ukraine envisage gender quotas for the elections. It is worth highlighting, in this context, that pursuant to article 8 (10) of the Law of Ukraine "On Political Parties in Ukraine" charters of political parties should contain information about quotas, determining the minimum level of representation of women and men in the electoral list of candidates, and be at least 30 percent of the total number of candidates in the electoral list. Besides, article 17-5 of the above Law envisages the distribution of funds, allocated from the state budget for funding of statutory activities of political parties, by the National Agency for the Prevention of Corruption among political parties provided that upon the results of the last regular or special elections the number of representatives of the same sex among the members of parliament elected from the respective political parties does not exceed two-thirds of the total number of members elected from that party.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

During the reporting period, no elections took place. Overall, the legal framework remains conducive to the organisation of democratic elections. The reform of the electoral legal framework should be continued to address outstanding OSCE/ODIHR recommendations.

The Central Election Commission and other state authorities, together with representatives of civil society and non-governmental organizations, endeavored to maintain reforms of the electoral legislation, specifically in the context of implementation of the OSCE/ODIHR recommendations. For example, in October 2023 and March 2024, representatives of the Central Election Commission, Parliament and other relevant stakeholders, i.e. state authorities, domestic or international non-governmental organizations, participated in a number of discussions about the priority areas of electoral law reform within the context of relevant international recommendations that need to be implemented in Ukraine. The events focused, *inter alia*, on the issues related to increase of the professionalization level of election or referendum administration authorities, control mechanisms over receipt and expenditure of funds for elections and political parties, etc. Besides,

operational plan of the Central Election Commission for 2024 envisages a comprehensive revision of the OSCE/ODIHR recommendations and corresponding reports, submitted following election observation missions in Ukraine (2014-2020), in order to determine their relevance and the possibility of their usage in the future electoral law reform and organization of post-war election.

At the same time, the war of aggression of the Russian Federation constantly creates new challenges and conditions that should be taken into account during the development of the legislative framework for the post-war elections.

PARLIAMENT

Answers to the Guiding Questions

- **Accountability:**

- **Law-making**

- ***Are there clear constitutional rules on the legislative procedure?***

The basic rules of the legislative procedure are defined by the Constitution of Ukraine and the Rules of Procedure of the Verkhovna Rada of Ukraine, which underwent some changes in 2023. These changes, which are discussed below, are sought to:

- 1) establish the procedure for the selection of judges of the Constitutional Court of Ukraine;
- 2) extending MPs right to work as members of temporary investigative commissions of the Verkhovna Rada of Ukraine;
- 3) enable the Parliament and its bodies to conduct legal monitoring and to expand the VRU Legislative Work Plan to include an action plan to harmonise the Ukrainian laws with the EU acquis to ensure Ukraine fulfilling its international legal obligations in the field of European integration;
- 4) determine lobbying procedures.

During the wartime, the Parliament continues to standardise certain rules of legislative activity of the Verkhovna Rada of Ukraine through adoption of temporary provisional resolutions to regulate the activity of the Parliament of the ninth convocation under martial law.

The most recent decision in the field of regulating the activity of the Parliament in wartime was adopted by the Verkhovna Rada of Ukraine on July 27, 2023. On February 7, 2023 the Resolution of the Verkhovna Rada of Ukraine № 2912-IX was adopted to regulate all the issues of the activity of the Parliament. The latter has become a universal tool to govern all the sessions of the Parliament of the current convocation, in particular:

- 1) during the wartime, the Verkhovna Rada of Ukraine of the ninth convocation operates in the mode of one plenary sitting, which lasts until the day of termination or abolition of martial law in Ukraine, but no later than the beginning of the next regular session of the Verkhovna Rada of Ukraine of the ninth convocation;
- 2) if the regime of martial law in Ukraine is not terminated or cancelled before the beginning of the next regular session, the work of the Verkhovna Rada of Ukraine during the next regular sessions during the period of martial law shall be organised in accordance with the procedure established by this Resolution.

● ***Is Parliament supreme in deciding on the content of the law?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***How is the balance of power between the executive and the legislative in the policy making notably on deciding the final content of the law?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***How frequent the accelerated or urgent procedures are used? (please add available statistical data)***

As regards the expedited or emergency procedures to adopt the legislation, please note the following:

1) during the period from January 1 to December 31, 2023, the Verkhovna Rada of Ukraine adopted 275 laws of Ukraine. In particular, 24 laws of Ukraine were adopted under the expedited or emergency procedures (submission of alternative draft bills), 21 laws of Ukraine were adopted under the procedure of reduced timeframe to prepare the law for the second reading, and 27 laws of Ukraine were adopted as “urgent” as determined by the President of Ukraine and the Verkhovna Rada of Ukraine. 112 laws of Ukraine, following their consideration in the first reading, were adopted as a basis and as a whole, including 54 laws of Ukraine on ratification, approval, adoption, accession, and denunciation of international treaties of Ukraine;

2) in the first quarter of 2024, 27 laws of Ukraine were adopted, including three laws identified by the President of Ukraine and the Verkhovna Rada of Ukraine as urgent, and three laws adopted under the procedure of reduced timeframe to prepare the law for the second reading (one of which is recognized as “urgent”). In total, five laws of Ukraine were adopted under the “expedited or emergency procedures”.

In the period from June 15, 2023 to March 31, 2024, the Verkhovna Rada of Ukraine adopted 186 laws of Ukraine, of which 18 were identified by the President of Ukraine and the Verkhovna Rada of Ukraine as urgent, and 17 laws of Ukraine were adopted under the procedure of reduced timeframe to prepare the law for the second reading (five of which were recognized as urgent). 63 laws of Ukraine were adopted immediately as a basis and as a whole, following their consideration in the first reading.

The expedited or emergency procedures to adopt laws are used by the Parliament as a result of the armed Russian aggression and the introduction of martial law.

The Verkhovna Rada of Ukraine approved the Plan of Legislative Work for 2024 by its Resolution Number 3561-IX dated February 06, 2024. The first section of this plan contains a list of issues that require legislative regulation to ensure the Ukrainian law harmonisation with the EU acquis to enable Ukraine fulfil its international legal obligations in the field of European integration.

- ***Does the parliament or/and the citizens have the right to legal initiative?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Is new legislation presented publicly and debated in parliament?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are the citizens/civil society organisations offered the possibility to have access and provide inputs on draft laws and are the timelines for doing so realistic?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Where appropriate, are impact assessments made before adopting legislation?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***To what extent do the Rules of Procedure of the Parliament regulate the issue of gender balance? Is gender equality taken into consideration when deliberating the laws, policies or budget?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***In case of disputes related to internal procedures, is the resolution mechanism established with the Parliament itself, or is the function of dispute resolution deferred to an external body (i.e. the Constitutional Court or another high judicial authority)?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Does the Parliament participate in the process of drafting, approving, incorporating and implementing international treaties?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Were crisis measures/decrees on COVID discussed in the parliament?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Oversight functions

● *How extensive and effective are the powers of the parliament to oversee the executive and hold it to account? Please include a reference to the independent institutions that report to the Parliament.*

The leadership of the Verkhovna Rada of Ukraine is taking systematic steps to improve and strengthen the effectiveness of the post-legislative oversight function both at the level of the Verkhovna Rada committees and the Parliament as a whole. These steps have been formalised, as can be witnessed by exchange of letters between the leadership of the Verkhovna Rada of Ukraine and the Government, which continues up to this date.

In view of this:

1) the Government of Ukraine is requested to submit to the Verkhovna Rada of Ukraine draft laws with a list of bylaws and regulations, their structure and brief content, estimated terms of development, and, if available, the actual drafts of such secondary legislation;

2) the parliamentary committees are instructed to:

- organise ongoing monitoring of the status of fulfilment of instructions given to the Government and timely adoption of relevant secondary legislation to ensure regular updating of the information on particular legal acts in the system of keeping records on regulatory legal acts;

- should the draft law contain instructions to the Government to adopt bylaws, and, should the line parliamentary committee recommend to include this draft law in the agenda of the parliamentary session and vote for it in the first or second reading, a list of such bylaws and regulations will have to be created to present their proposed structure and content; such list of bylaws and regulations will have to be coordinated with the Government.

The Secretariat of the Verkhovna Rada of Ukraine developed a module to ensure keeping records and monitoring the status of implementation of instructions laid out in the regulatory legal acts adopted by the Verkhovna Rada of Ukraine. As part of this module, the information from the VRU Committees secretariats shall be also considered on the status of fulfilment of legislative instructions (the module is

titled “automated workstation in the unified automated system for working with parliamentary documents”).

Further to the decision of the Coordination Council of MP factions (MP groups), two events “Question Hours with the Government” were held during the tenth and eleventh sessions of the Verkhovna Rada of Ukraine of the ninth convocation as follows:

➤ October 06, 2023, the “Question Hours with the Government” was held on the topic: “Energy Security of Ukraine in the Context of Full-Scale Russian Aggression and the State of Readiness for the Heating Season” to consider the reports of the Prime Minister of Ukraine and the Minister of Energy of Ukraine and have them answer the questions from the MPs of Ukraine;

➤ February 23, 2024, the “Question Hours with the Government” was held on the topic: “On the State of Defense Capability of the State” to have the First Vice Prime Minister of Ukraine - Minister of Economy of Ukraine and other members of the Government answer questions from MPs.

● ***Were these oversight powers impacted by the COVID crisis and if so, how?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***Are there clear parliamentary procedures that regulate individual MP's (or/and groups of MPs) power for demanding information, calling public hearings, tabling motions, and setting up commissions of inquiry?***

Another form of parliamentary oversight is the submission of parliamentary inquiries. To that end, at the plenary sessions of the Verkhovna Rada of Ukraine, the following inquiries were presented:

1) for the period from January 1 to December 31, 2023 – 334 inquiries of MPs of Ukraine;

2) for the period from January 1 to March 31, 2024 – 147 inquiries of MPs of Ukraine.

The Parliament is fostering the activity of the temporary investigative commissions of the Verkhovna Rada of Ukraine. They are organised according to the procedure laid out in the Constitution to ensure one of the fundamental principles in the activity of the parliamentary minority. During the period from January 1 to December 31, 2023, the following Temporary Investigative Commissions were created:

1) Temporary Investigative Commission of the Verkhovna Rada of Ukraine to investigate possible violations of Ukrainian legislation on exports and imports of goods whose country of origin or destination is the Russian Federation (September 21, 2023);

2) Temporary Investigative Commission of the Verkhovna Rada of Ukraine to investigate possible violations of the legislation of Ukraine in the Ministry of Defense of Ukraine, the Armed Forces of Ukraine, other military formations formed in accordance with the laws of Ukraine, special purpose law enforcement agencies, positions in which are staffed by military personnel (September 21, 2023);

3) Temporary Investigative Commission of the Verkhovna Rada of Ukraine to investigate possible violations of Ukrainian legislation on financing the treatment and rehabilitation of military personnel in healthcare establishments (September 21, 2023);

4) Temporary Investigative Commission of the Verkhovna Rada of Ukraine to investigate possible violations of Ukrainian legislation in public procurement during martial law (August 9, 2023);

5) Temporary Investigative Commission of the Verkhovna Rada of Ukraine to investigate possible facts of illegal activities in the field of financial services and/or market carried out with the use of information, electronic communication, information and communication systems and electronic communication networks (May 30, 2023);

6) Temporary Investigative Commission of the Verkhovna Rada of Ukraine to investigate possible violations of the law during the alienation of state property of Ukraine located abroad (February 23, 2023).

In the first quarter of 2024, the Verkhovna Rada of Ukraine has established two Temporary Investigative Commission:

1) Temporary Investigative Commission to investigate possible illegal actions of officials of state authorities, other state bodies and business entities of the public sector of the economy that could harm the economic security of Ukraine (February 22, 2024); and

2) Temporary Special Commission on monitoring and evaluation of the effectiveness of local self-government bodies and local executive authorities in Kyiv, which activity is similar to that of parliamentary temporary investigative commission.

Considering that the MPs use temporary investigative commissions as the parliamentary oversight tool, the Verkhovna Rada of Ukraine adopted the Law of Ukraine Number 3307-IX dated August 9, 2023, “On Amendments to Certain Laws of Ukraine on Membership of the MPs of Ukraine in Temporary Investigative Commissions of the Verkhovna Rada of Ukraine”, effective from September 7, 2023.

This Law provides that a member of the Parliament of Ukraine, in agreement with the relevant parliamentary faction (group), may be elected as a member of two temporary investigative commissions and one temporary special commission.

The parliamentary oversight function during the martial law period is largely focused on hearing representatives of the Government at meetings of the Coordination Council of MP factions (MP groups) and specialised committees, including via video conferencing.

On May 30, 2023, at the plenary sitting of the Verkhovna Rada of Ukraine the annual report of the Ukrainian Parliamentary Commissioner for Human Rights was considered on the state of observance and protection of human and civil rights and freedoms in Ukraine in 2022.

The Verkhovna Rada of Ukraine Committees and central executive authorities, local self-government bodies and their officials communicate on a regular basis regarding important societal concerns. Activity reports, annual and special reports from state bodies and their officials are published on the official websites of the Verkhovna Rada Committees and relevant state authorities.

30 committee hearings were held in 2023, and four committee hearings were held in the first quarter of 2024.

In the period between June 15, 2023 and March 31, 2024, 16 committee hearings were held.

● ***Does the parliament have a special standing committee on oversight and control?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***Is there a mechanism to impeach or censure officials of the executive branch and/or express no-confidence in the government? If so, have these mechanisms been used?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Rules and Ethical standards:

● ***Please describe how parliamentary immunity is defined and applied. Specify whether specific limits to immunity from investigation, prosecution or adjudication are foreseen in case, for instance, of corruption offences or serious crimes.***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***Please assess the existing ethics regimes to ensure that MPs perform their functions in an ethical manner. The existence of a code of conduct, specific ethic***

rules detailing the requirement to fulfill the code and a regulatory institution to enforce these rules.

On November 10-12, 2023, representatives of all parliamentary factions and parliamentary groups participated in the ninth Jean Monnet Dialogue, which adopted the Conclusions resolving to take immediate actions to discuss and adopt the Code of Ethics (at least in the first reading).

● *Is there a specific regimes for the prevention of conflict of interest?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Is there a system for the declaration of assets?*

On September 20, 2023 the Parliament of Ukraine adopted the Law of Ukraine "On Amendments to Certain Laws of Ukraine on Determining the Procedure for Submitting Declarations of Persons Authorised to Perform State or Local Government Functions under Martial Law" No 3384-IX, which provides for the resumption of declaration. These amendments also provided for:

- Exemption from declaring real estate leased or used by a Member of Parliament of Ukraine if the costs are reimbursed under Article 35 of the Law "On the Status of a Member of Parliament," provided the property's size is under 75 square metres.

- For the period of martial law, the declaring entities have the right not to indicate in the declaration information about the location (except for the country and region or other administrative-territorial unit of the highest level, if any) of one real estate object, an object under construction, an object not put into service.

On December 8, 2023 the Parliament passed the Law of Ukraine "On Amendments to the Law of Ukraine "On Prevention of Corruption" to bring certain provisions in line with the conclusions of the European Commission on Ukraine" No 3503-IX. These amendments removed two provisions:

- Absence of powers of the National Agency on Corruption Prevention to verify the acquisition of real estate and vehicles by a declarant or their family before they were elected or appointed to a position requiring declaration.

- Information in a declaration submitted by an official, previously verified by the National Agency on Corruption Prevention without any violations found, will not undergo re-verification when included in another official's declaration for the same period. A new clause was added instead, requiring the full verification of the declaration in respect of the objects of declaration not covered by the full verification of the declarations of the relevant declarant for previous periods, unless the National Agency has received new information about the object being verified or when there

are new sources of information that were not known or available to the National Agency during the previous full verification.

For other questions, the information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Please specify if the rules on ethical standards include the following aspects: declaration of interests and assets, allowances and expenses, relations with lobbyists, conduct in the chamber including parliamentary language, gender equality, tolerance and non-discrimination, attendance and voting rules, use (and misuse) of parliamentary time and pre and post-parliamentary employment (revolving doors).*

In order to ensure transparency of the activities of persons attempting to influence the content of legal acts or management decisions (lobbying activities) and to limit the corruption risks associated with such activities, the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On Lobbying" on 23 February 2024. In accordance with clause 1 of Section III "Final Provisions", this Law shall enter into force on the day following the day of its publication and shall be put into effect two months after the start of the Transparency Register, but not later than 1 January 2025 (except for certain provisions).

This Law stipulates that a person authorised to perform the functions of the state or local self-government referred to in clause 1 of part one of Article 3 of the Law of Ukraine "On Prevention of Corruption" (including members of the Ukrainian Parliament) cannot be a lobbying entity during his/her term in office and within one year after his/her dismissal from office or termination of his/her powers in office (part four of Article 10 of the Law).

In accordance with the provisions of the Law, the Rules of Ethical Conduct for Lobbying Entities will be approved by the Cabinet of Ministers of Ukraine within 6 months from the date of entry into force of the Law.

Representation:

• *Please provide a breakdown of Members of Parliament according to (a) gender; (b) belonging to national minorities (also, if available, provide statistical data of prior parliaments to establish trends in women's/minorities' representation).*

The representation of women in the Parliament, starting from the first convocation, was as follows: I convocation - 2.5%, II convocation - 4.1%, III convocation - 8%, IV convocation - 5.5%, V convocation - 8.7%, VI convocation - 7.8%, VII convocation - 9.6%, VIII convocation - 12%, IX convocation - 20.6%.

As of April 4, 2024, there are 85 women in the Parliament, or 21.2% of the total number (401 MPs) and 316 men, or 78.8%.

There is no information on belonging to national minorities, as the electoral law does not require providing information on ethnicity during candidate registration.

The provisions of the electoral law have not changed.

● *Please specify the eligibility requirement to stand for election for the parliamentary bodies (passive electoral rights). What are the grounds for ineligibility to political office (e.g. criminal convictions...)*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *What are the rules applying to the replacement of Members of Parliament in the course of their mandate?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Overall transparency:

● *To what extent is the Parliament open to public scrutiny and is transparent in the conduct of its business, in terms of information and accessibility to the public and the media?*

There are no changes in the legal and regulatory framework. Taking into account the need to ensure the national security of Ukraine, the Verkhovna Rada of Ukraine established special rules for covering the activities of the Parliament in order to inform the society about political and legal processes.

Considering the restrictions on live broadcasting of open plenary sittings of the Verkhovna Rada of Ukraine during the period of martial law in Ukraine, in the interests of national security and/or in order to ensure security measures of the Verkhovna Rada of Ukraine, implementation of decisions and regulations on the implementation of a unified information policy under martial law, it has been established that the State Enterprise “Parliamentary TV Channel “Rada” shall provide for broadcasting of the following:

open plenary sittings of the Verkhovna Rada of Ukraine - in a recorded form on the day of the respective plenary session or in the form of a created program, and if this is not possible - in one week time according to the broadcasting schedule of the State Enterprise “Parliamentary TV Channel “Rada” following the day of the session;

daily and weekly programs (on the days of plenary sessions and/or the “Question Hours with the Government”) featuring equal participation of representatives of parliamentary factions and/or parliamentary groups and non-partisan MPs of Ukraine.

The measures have to be taken to ensure the organisation and holding of official speeches and statements by the leadership of the Verkhovna Rada of Ukraine, briefings of MPs of Ukraine in one of the administrative buildings that are part of the property complex of the Verkhovna Rada of Ukraine, outside the security posts established for the protection and defence of the territory adjacent to the administrative building of the Verkhovna Rada of Ukraine (Kyiv, Hrushevskoho St., 5).

One of the common tools used by the committees to inform the public about their activities is publishing information on their Facebook pages, including posting announcements about planned events, the procedure for participation in them, and coverage of the committee's current news (the VRU Committees on economic development; the VRU Committee on energy, housing and utilities services; the VRU Committee on foreign policy and interparliamentary cooperation; the VRU Committee on law enforcement, etc).

Some parliamentary committees post videos of their meetings on YouTube after they are held, in particular, the VRU Committee on anti-corruption policy; the VRU Committee on humanitarian and information policy; the VRU Committee on finance, tax and customs policy. Some other parliamentary committees provide online broadcasts of their meetings in real time, in particular, the VRU Committee on public health, medical care and health insurance; the VRU Committee on organisation of state power, local self-government, regional development and urban planning; the VRU Committee on social policy, and etc.

● ***Specifically, is transparency and publicity of the hearings ensured?***

To ensure transparency of the Verkhovna Rada Committees, the provisions of the recently adopted Law of Ukraine "On Lawmaking Activity" shall be implemented.

According to Article 6 of this Law, the following provisions shall be considered to guarantee the right to access to information on lawmaking activity:

- 1) the obligation of lawmakers to provide and publish information on lawmaking activities in the manner, scope and timeframe(s) specified by law;
- 2) access to meetings of representative subjects of lawmaking activities;
- 3) exercise of state and public control over the observance of the right to access information on lawmaking activities;
- 4) determination by law of legal liability for violation of the legislation of Ukraine on access to public information.

The law regulates the provisions on public consultations, which, in accordance with Article 45 of the Law, are held by a lawmaker and/or other entity authorised by law to implement the principles of openness and transparency in lawmaking.

The Verkhovna Rada of Ukraine continues to work with citizen appeals:

1) for the period from January 1 to December 31, 2023, 555,538 thousand proposals, applications and complaints were received, which is by 72,971 thousand more than in January-December 2022;

2) for the period from January 1 to March 31, 2024 - 146.3 thousand citizen appeals were received, which is by 6.9 thousand more than in the first quarter of 2023.

● *Are there clear rules related to committee deliberations and exceptions to public deliberation at committee level?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Political Parties:

● *How many political parties are registered in the country? How many of these are represented in Parliament?*

At present, the Verkhovna Rada of Ukraine of the current (ninth) convocation includes the following parliamentary factions and groups:

Name of the Parliamentary Faction or Group	Quantitative Composition	Date of Creation
The Faction of the Political Party “People’s Servant”	235	29.08.2019
Faction of the Political Party All- Ukrainian Union “Batkivshchyna” in the Verkhovna Rada of Ukraine of the ninth convocation	24	29.08.2019
The Faction of the Political Party “European Solidarity”	27	29.08.2019
Faction of the GOLOS Political Party in the Verkhovna Rada of Ukraine of the ninth convocation	20	29.08.2019
“Party for the Future” Parliamentary Group	17	29.08.2019
Parliamentary Group “DOVIRA”	19	06.12.2019
Parliamentary Group “Platform for Life and Peace”	22	21.04.2022
Parliamentary Group “Restoring Ukraine”	17	22.05.2022

For other questions, the information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Legal framework of political parties: Please explain the procedure to form and register a political party, and what are the provisions on dissolution of political parties? Does the legislation regarding political parties facilitate pluralistic political environment?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Please describe the overall framework for party and campaign financing, the rules guaranteeing its transparency and provide details on the monitoring of its implementation. How are the GRECO recommendations on "Transparency of Party Funding" addressed? Do the existing reporting obligations under the Electoral Code for public parties during elections also cover private funding sources? Please explain what mechanisms are in place for reporting private and public party financing funding.*

On December 26, 2023, the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on Improving State Financing and Control over the Activities of Political Parties" No. 3337-IX dated August 23, 2023, came into force.

It restores the obligation for political parties to submit reports and the obligation of the National Agency for the Prevention of Corruption to verify the reports.

According to the law, parliamentary parties must submit reports for 2020-2022 by March 26, 2024, and other parties must submit reports by April 26, 2024. It also provides for specifics of submission of reports for 2023, depending on the option of submission (quarterly or annual) and on the right to state funding: it can be March 26, 2024 or April 26, 2024.

For 2020, political parties must submit reports in paper form, as well as electronically with personal data protected. For other years, they must submit reports exclusively to the POLITDATA register. Among the changes, political parties can choose to submit quarterly or annual reports for the period 2020-2023.

Other novelties of the Law include the exemption of political parties from the statutory liability for submitting incomplete and/or inaccurate reports during martial law in the presence of appropriate circumstances (loss of primary documents, as a result of military operations caused by the armed aggression of the Russian Federation against Ukraine, etc.).

The Law regulates the placement of deposits. Thus, a party may place funds, including state funding, on a deposit account in the national currency in a bank of Ukraine.

● *Regarding parties represented in parliament please provide information on:*

● *Party structures: Do the parties hold internal elections? With what frequency? Are there rules on rotation in parties' statutes? Are rotation principles practiced in reality? Do the parties have youth wing and/or women's wing: what representation within the parties, size of the youth wing in relation to the party, number of women on executive positions? Do the parties apply mandatory and/or voluntary quotas and/or adopt internal policies to promote (i.e. having a mentoring programme) women/young people as candidates for elections.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Party internal administrative capacity: Do the parties have (1) office space and regional offices in the country (2) annual audit report (3) statutes (4) membership criteria (5) a membership register (if data available: Number of members ; age groups, gender, representation of minorities, regional spread). (6)*

An internal code of conduct and mechanisms for monitoring and enforcement compliance? (7) How do the parties communicate to members: social media, newsletter, own party newspaper?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

Comprehensive impact assessments of proposed legislation and legislative oversight of the executive, including monitoring the implementation of legislation, need to be strengthened.

In pursuance of this recommendation, special software has been developed and is being implemented: a module to ensure keeping records and monitoring the status of implementation of instructions laid out in the regulatory legal acts adopted by the Verkhovna Rada of Ukraine.

The Law of Ukraine “On Lawmaking Activity” adopted on August 24, 2023, provides for the introduction of the legal monitoring concept as a comprehensive control activity aimed at tracking, analysing and evaluating the implementation of adopted legal acts regarding the following:

- 1) bringing them into full force (entry into force of regulatory legal acts, implementation of legal provisions set forth in their transitional provisions, adoption (publication) of bylaws and regulations aimed at implementing regulatory legal acts subject to legal monitoring);
- 2) accomplishment of the planned goals of regulatory and legal regulation, their impact on society and/or on certain social groups, sectors or industries, as well as identification of social, legal, political, economic, environmental, administrative and/or other possible planned consequences or identification of unplanned consequences.

Legal monitoring of the laws shall be performed by the Verkhovna Rada of Ukraine and its bodies.

However, legislative tasks are carried out systematically, laying the ground for an uninterrupted democratic decision-making process. Key decisions, especially on defence/security questions, were adopted by clear cross-party majorities.

To remedy this situation, which was highlighted by the European Commission in its Report, as a result of the ninth Jean Monnet Dialogue held on November 10-12, 2023 featuring participants from all parliamentary factions (parliamentary groups), the Conclusions were adopted to state the meeting participants realise the importance of defining the legal framework to regulate the interaction between the majority and minority in the Ukrainian Parliament in the long term, in particular, to ensure a balanced distribution of leadership positions between representatives of the majority and minority in the committees of the Verkhovna Rada of Ukraine, the Accounting Chamber of Ukraine and other parliamentary bodies.

GOVERNANCE

Answers to the Guiding Questions

Governance structures at central level:

- *Please provide with an introductory paragraph on how the central government is formed (government supported by one party or a coalition).*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *Include statistical data on the number and proportion of women serving as cabinet ministers in the government. Also number of women that hold senior government positions outside the cabinet.*

As of April 2024, there are four women who hold the positions of ministers in the Government of Ukraine (three women are holding positions of Deputy Prime Ministers, including one woman who is the First Deputy Prime Minister), which is 18,18% of the total number of ministers.

According to the statistical data available in the National Agency of Ukraine on Civil Service, the actual number of working civil servants as of 31 December 2023 was 159 904. Among them, there are 119,808 working women, including 67 women of category A and 27,021 of category B.

- *Is there a National Plan for the Adoption of the Acquis or alike adopted? If so, is it costed? Is there regular monitoring of its implementation? How is it linked to the government's annual legislative programme? (see also under Public Administration Reform).*

Ukraine currently has a State Programme for the Adaptation of Ukrainian Legislation to the Legislation of the European Union (the "Programme"), approved by Law of Ukraine No. 1629-IV of 18 March 2004. The Programme stipulates that the purpose of adapting Ukrainian legislation to that of the European Union is to achieve compliance of Ukraine's legal system with the *acquis communautaire*, taking into account the criteria set by the European Union (EU) for states intending to join it.

At the same time, although the Law is still in force, the Programme was designed to cover the period until the expiration of the Partnership and Cooperation Agreement between Ukraine and the European Communities and their Member States of 14 June 1994, which has now expired. Therefore, the relevance of the Programme is already outdated.

In this regard, Ukraine is planning to develop a new National Programme for the Adaptation of Ukrainian Legislation to the EU Law (EU *acquis*) - NPAA. In

particular, Presidential Decree No. 744/2023 of 8 November 2023 "On Certain Measures to Prepare for the Negotiations on Ukraine's Accession to the European Union" was adopted, which establishes that the Cabinet of Ministers of Ukraine shall ensure the preparation and submission to the Verkhovna Rada of Ukraine of a draft law on the approval of the new NPAA, taking into account the results of the EU's official screening of the state of implementation of the EU acquis into the national legislation of Ukraine.

To fulfil the above Presidential Decree, the Government has developed a plan (by order of the Prime Minister of Ukraine No. 35457/2/1-23 of 28 November 2023), which envisages the development of:

- 1) a draft law on the NPAA - within 2 months after receiving the official results of the European Commission's screening;
- 2) a draft governmental action plan for the implementation of the NPAA - within 2 months after the adoption of the Law of Ukraine approving the NPAA.

Currently, the screening of the implementation of the EU acquis into Ukrainian legislation is ongoing. However, Ukraine has already taken key steps to prepare for the development of the NPAA.

Therefore, the Government Office for Coordination of European and Euro-Atlantic Integration of the Secretariat of the Cabinet of Ministers of Ukraine (GOCEEI) developed a general concept of the National Programme for the Adaptation of Ukrainian Legislation to the EU Law (EU acquis) and held relevant consultations with the experts of the European Commission's DG NEAR, who provided positive assessments of the concept. This concept covers, inter alia, the strategic tasks of adapting Ukrainian legislation to the EU acquis, as well as the implementation of the European Commission's recommendations and the necessary political steps for reform. It is expected that the Law on the NPAA will repeal the outdated State Programme for the Adaptation of Ukrainian Legislation to the EU Acquis (Law of Ukraine No. 1629-IV of 18 March 2004), the plan for the implementation of the Association Agreement (Resolution of the Cabinet of Ministers of Ukraine No. 1106 of 25 October 2017), and the plan for the implementation of the European Commission's recommendations (Order of the Cabinet of Ministers of Ukraine No. 133 of 9 February 2024), including all outstanding steps. Also, as part of the development of the NPAA, it is planned to work out the issue of priority legislative and governmental procedures for European integration draft laws.

In addition, GOCEEI, together with the European Commission, organised a TAIEX workshop on practical experience in developing NPAA's in different countries (Poland, Croatia, Latvia, Estonia, Albania, North Macedonia and Serbia), which involved more than 120 civil servants from different state bodies (see page 13 [TAIEX and Twinning Activity Report 2023 - European Commission \(europa.eu\)](#)).

It is important to note that the development of the NPAA and an action plan for

its implementation is also envisaged in the following state strategic documents for 2024:

- 1) Government Priority Action Plan for 2024;
- 2) Plan of legislative work of the Verkhovna Rada of Ukraine for 2024;
- 3) Action Plan for the Implementation of the Open Government Partnership Initiative in 2023-2025.

In the light of the future development of the NPAA, existing monitoring system “Pulse of the Agreement” has to be transformed into the new more comprehensive system - “Pulse of Accession”. It provides for the digitalization of planning, reporting, monitoring and evaluation of the effectiveness of implementation of both Association Agreement and future NPAA. “Pulse of Accession” includes clusters, negotiation chapters, areas, EU acquis acts, tasks and measures. It also provides an opportunity to work with compliance tables, creates reports and analytics. The system will have a web-site where the public can monitor the progress of the EU obligations implementation. Along with a public web-site, there will be a non-public part where registered users from line ministries and other central executive bodies will enter information about the status of specific European Integration tasks implementation with their subsequent verification by GOCEEI. “Pulse of Accession” is planned to be operational until the end of 2024.

• Please assess the functioning and coordination of the government's structures and the extend / quality of consultations with sub-state levels of governance and other concerned stakeholders and civil society in the policy making related to EU accession process.

The functioning and coordination of the government's structures and the extend / quality of consultations with sub-state levels of governance and other concerned stakeholders and civil society in the policy making related to EU accession process are carried out in different directions.

It should be noted that the European integration tasks related to European integration coordination are allocated into a separate block under the direction “INTEGRATION IN THE EU AND NATO” in the Government's Priority Action Plan for 2023, approved by the Order of the Cabinet of Ministers of Ukraine No. 221 of 14 March 2023, and under the direction “EUROPEAN INTEGRATION OF UKRAINE” in the Government's Priority Action Plan for 2024, approved by the Order of the Cabinet of Ministers of Ukraine No. 137 of 16 February 2024. Also, the Government's Priority Action Plan for 2024 includes tasks envisaged by the Ukraine Facility Plan and tasks for the implementation of the European Commission’s recommendations presented in the Report on Ukraine’s progress in the framework of the 2023 EU Enlargement Package.

More information on the various areas of European integration coordination, which also involve the participation of civil society and experts:

Coordination of the implementation and monitoring of the Association Agreement

In accordance with the government resolution No. 447 of 31 May 2017 GOCEEI carries out the monitoring of the Association Agreement Action Plan (AA AP) implementation on quarterly and annually basis. Every quarter GOCEEI receives from line ministries and other central executive bodies reports on the state of play of the AA AP implementation and verifies them. Monitoring process is assisted via the electronic tool “Pulse of the Agreement” which visualizes progress against AA AP implementation. Along with quarterly monitoring GOCEEI prepares and publishes annual reports on the AA implementation based on the information from line ministries. Annual reports serve as summary documents, highlighting key achievements Ukraine reaches in all of 24 AA areas.

Action Plan for the Implementation of the Recommendations of the European Commission Presented in the Progress Report of Ukraine under the EU Enlargement Package 2023

On 9 February 2024, the Cabinet of Ministers of Ukraine adopted [Resolution No. 133](#) "On Approval of the an action plan for the implementation of the recommendations of the European Commission presented in the Ukraine's Progress Report under the EU's 2023 Enlargement Package" to ensure effective coordination of government agencies in the implementation of the European Commission's recommendations.

The Action Plan sets out more than 350 measures to implement 142 recommendations of the European Commission and involves more than 100 state bodies, including ministries, other central executive authorities, state (military) administrations, other government institutions and local self-government bodies.

Communication Strategy on the European Integration of Ukraine until 2026

[The Communication Strategy on the European Integration of Ukraine until 2026 and the operational plan for the implementation of the Strategy for the period 2022-2024](#) were approved by the Cabinet of Ministers of Ukraine on 9 December 2022.

The document was developed jointly by the Ministry of Culture and Information Policy and the Office of the Deputy Prime Minister on European and Euro-Atlantic Integration.

The main goal of the Strategy is to preserve the existing level of support for Ukraine’s accession to the EU by citizens of Ukraine and EU member states, as well as its gradual increase.

This involves coordinated and systematic communication between the state and

citizens both at the international national level and at the level of local self-government.

The implementation of the Strategy envisages the involvement of state bodies and institutions, local self-government bodies, cooperation and partnership projects with business, media, analytical centers and public organizations, scientific and educational institutions.

Self-screening

Since acquiring the candidate status, the government's work on the implementation of the EU acquis has become even more important.

Demonstrating its determination to become a full member of the EU as quickly as possible, on 28 February 2023, the Cabinet of Ministers of Ukraine launched a large-scale process of internal assessment of the alignment of the Ukrainian legislation with the EU acquis (self-screening) by adopting the Resolution No. 189 "On approval of the Procedure for the initial assessment of the progress in the implementation of the European Union legal acts (EU acquis)".

The assessment was carried out in several stages during 6 months and allowed for determining the progress in the alignment of the Ukrainian legislation with the EU acquis, identifying inconsistencies and gaps to be eliminated during the negotiation and preparation for the accession to the EU.

More than 80 state authorities, state institutions, international projects and public organisations were involved in the self-screening, which, under the coordination of the Vice-Prime Minister for European and Euro-Atlantic Integration of Ukraine and the Government Office the Coordination of European and Euro-Atlantic Integration of the Secretariat of the Cabinet of Ministers of Ukraine, processed about 28 thousand acts of EU law.

Currently, the assessment shows the following:

- 2739 EU legal acts are subject to further full and/or partial implementation
- 1625 EU legal acts are fully implemented
- 23456 EU legal acts do not require implementation.

These statistics present a preliminary attempt to determine the progress in the implementation of the European Union legal acts (EU acquis) (hereinafter referred to as the "EU legal acts") covered by negotiating chapters during the preparation for the start of negotiations on Ukraine's accession to the EU.

Official EU screening

The Government Office for the Coordination of European and Euro-Atlantic Integration provides organisational support and coordinates state authorities during the explanatory sessions on the negotiation chapters between Ukraine and the EU

within the framework of the official EU screening. There is also proper communication with the European Commission on this matter.

Coordination mechanisms at the level of the Cabinet of Ministers of Ukraine and its Secretariat

To improve the mechanism of coordination and interaction between central executive authorities to implement the tasks of preparing for and participating in the negotiation process on Ukraine's accession to the European Union, it is planned to take certain steps to improve coordination mechanisms at the level of the Cabinet of Ministers of Ukraine and its Secretariat.

In particular, it is planned to improve the institutional capacity of the Government Office for Coordination of European and Euro-Atlantic Integration of the Secretariat of the Cabinet of Ministers of Ukraine by amending its Regulation. In addition, amendments are expected to the Regulations of the Cabinet of Ministers of Ukraine regarding the procedure for preparing, approving and adopting acts of the Cabinet of Ministers of Ukraine aimed at implementing EU law (EU acquis) and fulfilling Ukraine's obligations in connection with the launch of the negotiation process on Ukraine's accession to the EU.

Draft Decree of the President of Ukraine "On the Delegation of Ukraine to Participate in Negotiations with the European Union on the Conclusion of the Agreement on Ukraine's Accession to the European Union"

The Draft Decree of the President of Ukraine "On the Delegation of Ukraine to Participate in Negotiations with the European Union on the Conclusion of the Agreement on Ukraine's Accession to the European Union" was developed to establish the delegation of Ukraine to participate in negotiations with the European Union on the conclusion of the Agreement on Ukraine's Accession to the European Union and to approve the Directives of the delegation of Ukraine to participate in these negotiations in order to ensure the implementation of the strategic course of the state to gain full membership in the EU.

The delegation consists of more than 30 people, including deputies and heads of ministries and other state authorities, headed by the Vice Prime Minister for European and Euro-Atlantic Integration of Ukraine.

Creation of an Interdepartmental Working Group on preparation for Ukraine's accession to the EU (IWG)

As part of the institutional preparation for negotiations on EU membership, the creation of an Interdepartmental Working Group on preparation for Ukraine's accession to the EU (IWG) is envisaged. Currently, a draft resolution of the Cabinet of Ministers of Ukraine "On the formation of an Interdepartmental Working Group on issues of ensuring the negotiation process on Ukraine's accession to the European

Union and the adaptation of Ukrainian legislation to the legislation of the European Union" has been developed, according to which:

The IWG will consist of 33 expert groups on negotiating sections, covering also the questions of PAR, functioning of democratic institutions and economic criteria, and an expert group on coordination of the negotiation process on Ukraine's accession to the European Union and the adaptation of the legislation of Ukraine to the legislation of the European Union.

Expert groups will include representatives of the Verkhovna Rada of Ukraine, the public and business.

The expert groups will be headed by the chief executors of the negotiating chapters from among the representatives of the Government.

Local self-government:

● *Please provide with an introductory paragraph on the government structure at local level.*

According to Constitution of Ukraine and basic legislation, government structure on local level in general has not changed since 2022.

Currently in situation of full scale russian aggression against Ukraine, up to 184 (plus 43 in 2023) increased number of settlements military administrations which have been established and are operating in territorial communities as temporary state bodies.

● *Please include statistical data on the number of women/persons belonging to national minorities elected mayors*

No relevant developments during the reporting period.

● *Are the responsibilities of central and local governments clearly delineated?*

No relevant **legislative** developments during the reporting period.

But, according to the Action Plan for Reforming Local Self-Government and Territorial Organization of Power in Ukraine for 2024-2027, adopted by the Order of the Cabinet of Ministers of Ukraine No 270 of March 26, 2024 (hereafter Updated Action Plan), a task on deliniation of powers between local self-governments and state executive authorities using the subsidiary approach, is restarted. Ministry for Communities, Territories and Infrastructure Development of Ukraine has developed proposals on the conceptual basis for delineation of the competence of the state and local self-government the principles and conditions for delegation of the powers to local self-government (hereinafter - Draft Concept). Draft Concept was presented and discussed during the meeting of the expert group devoted to legislative support

for decentralization in January-February 2024 and was sent to All-Ukrainian associations of local self-government for giving proposals.

In March 2024 the Ministry for Communities, Territories and Infrastructure Development of Ukraine initiated the consultation of the Draft Concept with All-Ukrainian associations of local self-government. According to the Action Plan for Reforming Local Self-Government and Territorial Organization of Power in Ukraine for 2024-2027, the Ministry is planning to present the Draft Concept in June 2024.

• Is there any national strategy/action plan on (administrative/political/fiscal/economic) decentralisation? If so, assess state of implementation, resources (human and financial) dedicated and if concrete results already produced.

In 2014, the Cabinet of Ministers of Ukraine approved the Concept of Reforming Local Self-Government and Territorial Organisation of Power in Ukraine. To ensure the implementation of the Concept, the Government approved action plans for its implementation in 2014, 2016, 2017 and 2019. Given the outdated nature of these action plans by the Order of the Cabinet of Ministers of Ukraine No 270 as of March 26, 2024 the Updated Action Plan was approved.

The Updated Action Plan, which was developed and consulted with local self-government associations, has 9 tasks, for the implementation of which 34 detailed actions with defined deadlines and responsible for their implementation are proposed. The Updated Action Plan synchronized with the Ukrainian Plan for 2024-2027, and draft State Strategy for Regional Development till 2027 (under the consideration of the Cabinet of Ministers).

In particular, the following tasks have been defined:

- reformatting of the local state administrations into prefecture-type bodies and launching of the oversight mechanism over the legality of the local self-government;
- restoration of the functioning of local self-government bodies and executive authorities in the de-occupied territories, and clear definition of criteria military administrations to be set up;
- delineation of powers between executive bodies and local self-government bodies, as well as between different layers of local self-government according to the principle of subsidiarity;
- strengthening of the financial capacity of local self-government bodies to ensure the exercise of powers defined by legislation;
- formation of a professional competitive local self-government service;
- creation of preconditions for residents' involvement in decision-making;
- strengthening the institutional capacity of local self-government associations;
- enshrining the results of the reform of local self-government and territorial organization of power in the Constitution of Ukraine.

As a result of Ukraine's efforts, the next acts were adopted.

The Law of Ukraine No. 2867-IX of January 12, 2023 “On Amendments to the Law of Ukraine “On Cooperation of Territorial Communities” to Regulate Certain Issues of Cooperation of Territorial Communities”. This law supported establishment of cooperation between territorial communities. The Ministry of Communities, Territories and Infrastructure Development is currently working on creating an online platform for cooperation between territorial communities, which will display information on the agreements signed and the progress of their implementation.

The Law of Ukraine No. 3285-IX of July, 28 2023 “On the procedure for resolving certain issues of the administrative and territorial structure of Ukraine” which replaces the Soviet normative act and defines the procedure for the formation, liquidation, establishment and change of boundaries of administrative-territorial units, their naming and renaming, and other issues of the administrative-territorial structure of Ukraine.

The Law of Ukraine No. 3334-IX of 23 August 2023 (which entered into force on 7 September 2023) “On Amendments to Certain Legislative Acts of Ukraine Regarding the Resolution of Certain Issues of the Administrative and Territorial System of the Autonomous Republic of Crimea”. The norms of the Law, in particular, provide for the determination by the Cabinet of Ministers of Ukraine within a month of the administrative centres and territories of the territorial communities of the Autonomous Republic of Crimea.

On May 2, 2023, the Parliament of Ukraine adopted the new Law of Ukraine “On Service in Local Self-Government Bodies” (№ 3077) which improves the principles of service in local self-government bodies, selection and service procedures in there, social guarantees and responsibilities of local government employees, promotion of career growth, depoliticization of this service, etc.

In order to complete the reform of the territorial organisation of power, the Verkhovna Rada of Ukraine restarted its work on the draft law (Reg. No. 4298 of October 30, 2020) "On Amendments to the Law of Ukraine "On Local State Administrations" and Some Other Legislative Acts of Ukraine on Reforming the Territorial Organisation of Executive Power in Ukraine", which changes the framework for the functioning of local bodies of executive powers.

Ukrainian territorial communities working intensively on establishing international cooperation. 399 territorial communities of Ukraine out of 1469 have established 1607 international partnership agreements with territorial communities from 62 countries.

• *Do local authorities have appropriate financial means and autonomy to exercise their assigned competences? (see also under public financial management)*

During the Decentralisation reform, local budgets became more autonomous and independent from the state budget, information about which has been already provided in the Questionnaire.

In 2023, the general fund of local budgets (excluding inter-budgetary transfers) received UAH 441,9 billion, which is UAH 43,8 billion or 11.0% more than in 2022. According to preliminary data for the first quarter of 2024, the general fund of local budgets (excluding inter-budgetary transfers) received UAH 101,6 billion, which is UAH 2,2 billion or 2.2% less than in the first quarter of 2023. According to the Law of Ukraine «On the State Budget of Ukraine for 2024», predicted indicators of the total amount of resources of local budgets are expected to be within UAH 674,3 billion, which is UAH 13,4 billion less than in 2023 (the planned amount of local budget resources in 2023 was UAH 687,7 billion).

In 2023 and 2024, the rule regarding the inclusion of the increased personal income tax rate in the budgets of rural, township, and urban territorial communities at the level of 64% was extended due to the reduction of personal income tax inclusion in the state budget (21%).

Also, the Law of Ukraine "On the State Budget of Ukraine for 2023" provides for an additional subsidy for the exercise of the powers of local self-government bodies in the de-occupied, temporarily occupied and other territories of Ukraine that have been negatively affected by the full-scale armed aggression of the Russian Federation, in the amount of UAH 23,9 billion, the Law of Ukraine "On the State Budget of Ukraine for 2024" provides UAH 33,4 billion of this additional subsidy. This is intended to balance local budgets during the period of martial law.

• *Are there participatory mechanisms put in place to involve civil society/citizens in local decision-making?*

The Verkhovna Rada adopted the Law of Ukraine No. 3590-IX of 22 February 2024 "On Amendments to the Law of Ukraine 'On Local Self-Government in Ukraine' to Ensure Transparency of Local Self-Governance" (passed for signature to President of Ukraine on February 27, 2024).

As a result of the adoption of the law, the community's influence on decision-making, openness, transparency, and controllability will become many times stronger, as it provides for, among other things, mandatory online broadcasts of local council sessions for all communities, public publication of annexes to draft decisions and draft agendas of permanent commissions meetings. Also, according to the law, an inventory of community property should be carried out regularly, which will help the council, citizens and businesses to assess community resources more effectively and use them more efficiently.

Next pieces of legislation in this sphere, which were postponed, are currently returned into Parliament's agenda.

The draft Law № 7283 as for 13 April 2022 «On Amendments to the Law of

Ukraine “On Local Self-Government in Ukraine” and other laws and regulations of Ukraine on people's power at the level of local self-government» was approved in the first reading. The draft law lists the forms of public participation in decision-making by local self-governments and expands the forms of local democracy that already have been used by local self-government bodies without being regulated by the Law (new tools of local democracy: participatory budgeting, public consultation, civil assessment (expertise) of the activities of local self-government bodies and officials, consultative-advisory bodies). It also specified the issues to be regulated by the resolutions of local self-government bodies to ensure the involvement of civil society/citizens in local decision-making.

Another draft Law on improvement of the order of organization, operation and termination Bodies of Self-Organization of the Population (№ 6319 of November 18, 2021) was approved on first reading in May 2023. Body of Self-Organization of the Population (the body) is one of the form of involving citizens in decision-making process at local level. At the same time - representative body, established by citizens of the part of the territory of the community (streets, blocks, houses).

The draft Law “On public consultation” (№ 4254) was approved in the first reading and since March 22, 2023 under preparation for second reading. The draft Law launches legal mechanism for public consultations during the formation and implementation of public policy, addressing issues of local importance, what will establish precondition for coherent, effective and efficient policy and decision-making.

• *Are there effective accountability mechanisms to prevent and fight corruption in the exercise of local authorities' responsibilities? (see also under public financial management)*

On 20 September 2023 the Parliament of Ukraine adopted the Law of Ukraine No. 3384-IX "On Amendments to Certain Laws of Ukraine on Determining the Procedure for Submitting Declarations of Persons Authorised to Perform State or Local Government Functions under Martial Law", which provides for the resumption of declaration.

On 8 December 2023 the Parliament passed the Law of Ukraine No. 3503-IX “On Amendments to the Law of Ukraine "On Prevention of Corruption" to bring certain provisions in line with the conclusions of the European Commission on Ukraine”. These amendments removed two provisions:

- Absence of powers of the National Agency on Corruption Prevention to verify the acquisition of real estate and vehicles by a declarant or their family before they were elected or appointed to a position requiring declaration.

- Information in a declaration submitted by an official, previously verified by the National Agency on Corruption Prevention without any violations found, will not undergo re-verification when included in another official's declaration for the same period. A new clause was added instead, requiring the full verification of the

declaration in respect of the objects of declaration not covered by the full verification of the declarations of the relevant declarant for previous periods, unless the National Agency has received new information about the object being verified or when there are new sources of information that were not known or available to the National Agency during the previous full verification.

CIVIL SOCIETY

Answers to the Guiding Questions

Enabling legal and policy environment for the rights of freedom of expression, assembly and association

- *Can all individuals and legal entities express themselves, assemble peacefully and establish, join and participate in non-formal and/or registered organisations?*

Right to Freedom of Association

The information was previously provided in the questionnaire of Ukraine for obtaining EU candidate status.

Right to Freedom of Peaceful Assemblies

The right to freedom of peaceful assemblies is guaranteed by Article 39 of the Constitution of Ukraine, according to which citizens have the right to assemble peacefully, without weapons, and hold meetings, rallies, marches, and demonstrations, about which the executive authorities or local self-government bodies are promptly notified.

Restrictions on the exercise of this right may be established by the court according to the law and only in the interests of national security and public order to prevent disturbances or crimes, to protect the health of the population, or to protect the rights and freedoms of other people.

In accordance with paragraph 2 of Article 64 of the Constitution of Ukraine, certain restrictions on the right to freedom of peaceful assembly may be imposed under martial law, indicating the duration of these restrictions.

According to item 1 of part one of Article 92 of the Constitution of Ukraine, the rights and freedoms of man and citizen and guarantees of these rights and freedoms are exclusively determined by laws.

The Code of Administrative Procedure of Ukraine (amendments introduced by the Law of Ukraine No. 2147-VIII of 3 October 2017) regulates, in particular, the specifics of proceedings in cases on administrative lawsuits for the removal of obstacles and prohibition of interference in the exercise of the right to freedom of peaceful assemblies (Articles 280, 281).

- *Freedom of association: Is registration easy, timely, inexpensive, transparent, and non-discriminatory?*

The information provided by Ukraine as part of the 2023 Enlargement Package

remains relevant.

• *Are mechanisms in place to protect CSOs from threats, attacks, judicial harassment, and discriminatory treatment?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Are CSOs' legitimate activities restricted by the implementation of Laws to combat terrorism, extremism and money laundering?*

In accordance with Article 20 of the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their Member States, on the other hand, ratified by the Law of Ukraine No. 1678-VII of 16 September 2014 Ukraine, in order to prevent and combat the legalisation (laundering) of proceeds of crime and the financing of terrorism, must ensure the implementation of relevant international standards, in particular the standards of the Financial Action Task Force on Money Laundering and Terrorist Financing (FATF) and standards equivalent to those adopted by the Union.

The Law of Ukraine No. 361-IX of 6 December 2019 "On Prevention and Counteraction to Legalisation (Laundering) of the Proceeds of Crime, Terrorist Financing, and Financing of Proliferation of Weapons of Mass Destruction» (hereinafter – Law No. 361) ensures the implementation of the FATF recommendations and the requirements of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 "On the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No. 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC and Commission Directive 2006/70/EC".

It should be noted that Law No. 361 aims to protect the rights and legitimate interests of citizens, society and the state, and ensure national security by defining a legal mechanism for the prevention and counteraction of the legalisation (laundering) of proceeds of crime, the financing of terrorism and the financing of the proliferation of weapons of mass destruction (hereinafter – prevention and counteraction). At the same time, the lawful activities of civil society organisations are not restricted by the implementation of Law No. 361.

However, clause 38 of part one of Article 1 of Law No. 361 defines the term "non-profit organisations – legal entities, other than state bodies, public administration bodies and state and municipal property institutions that are not financial institutions, established to exercise and protect rights and freedoms, satisfy public, including economic, social, cultural, environmental, and other interests, without the purpose of making a profit".

Part 7 of Article 7 of Law No. 361 stipulates that the primary financial

monitoring entity with respect to non-profit organisations, including charities, is obliged to take measures to minimise the risk of being used for the purpose of legalisation (laundering) of proceeds of crime or financing of terrorism or financing of proliferation of weapons of mass destruction, taking into account the recommendations of the relevant state financial monitoring entity, which, in accordance with this Law, performs the functions of state regulation and supervision.

As well the Resolution of the Cabinet of Ministers and the National Bank No. 1011 of 19 September 2023 approved the Methodology for determining the ultimate beneficial owner by a legal entity, which, including is designed to help civil society institutions better understand the specifics of the relevant process.

- ***Is there a policy/legal framework to facilitate volunteering in CSOs?***

Relations related to volunteering in Ukraine are regulated by the Law of Ukraine "On Volunteering" (as amended).

The Order of the Cabinet of Ministers of Ukraine No. 160-r of 14 February 2023 approved the Action Plan until 2024 for the implementation of the National Strategy for Promoting the Development of Civil Society in Ukraine for 2021-2026 (hereinafter - the Plan), which sets out the main activities and tasks for the development of volunteerism.

To promote the development of volunteer activities, the Ministry of Finance approved Order No. 264 of 22 May 2023 "On Approval of Changes to the Procedure for Forming and Maintaining the Register of Volunteers of Anti-Terrorist Operations and/or Implementation of Measures to Ensure National Security and Defense, Repelling and Deterring Armed Aggression of the Russian Federation."

The Ministry of Youth and Sports popularises volunteer activities among young people, in particular through the work of the National Volunteer Platform. In 2023, 234 organisations, 710 volunteer opportunities and 13 226 volunteers registered on the platform.

National Agency for Civil Service agreed on a general short-term program for improving the qualifications of civil servants and local self-government officials of the Higher School of Public Administration "Actual issues of conducting volunteer activities in Ukraine". During 2023, 195 civil servants and 501 local self-government officials received training on volunteering at the Higher School of Public Administration and regional advanced training centres.

The National Social Service has started work on the draft Concept of the State Program for the Development of Volunteer Activities in Ukraine, which is being prepared for further coordination with relevant authorities.

Also the National Social Service, together with organisations that involve volunteers in their activities, and practicing volunteers prepared the manual "Guide to volunteering in Ukraine: legislation, management and best practices", which includes the theoretical foundations of volunteering in Ukraine, forms of

volunteering and their organisation, volunteer management, successful volunteer practices, as well as samples/templates of an individual volunteer plan, contracts on the implementation of volunteer activities, etc.

Enabling financial environment which supports the sustainability of CSOs

● *Is public funding available for CSOs, in the form of direct or indirect support?*

Only for national minorities NGO`s on July 25, 2023, the Government adopted Resolution No. 769 "On Amendments to the Procedure for Conducting a Competition to Determine Programs (Projects, Activities) Developed by Civil Society Institutions, for the Implementation (Implementation) of which Financial Support is Provided", which expanded the list of civil society institutions that can participate in competitive procedures (public associations of national minorities (communities) were added).

● *Are there clear and objective mechanisms/criteria established by law for the distribution of public funds? Is the information on awards publicly available?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Is the legal framework promoting or curtailing access to funding (including tax regime, incentives for donations, access to private and foreign funding)?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Dialogue and cooperation between CSOs and public institutions

● *Are strategic documents for the cooperation with civil society in place (national strategy, roadmap etc.)? Is the strategic document implemented effectively?*

The National Strategy for Promoting the Development of Civil Society in Ukraine for 2021-2026 (approved by Decree of the President of Ukraine No. 487 of 27 September 2021) is being implemented.

In order to implement the plan of measures for the implementation until 2024 of the National Strategy:

- To improve the legislation on access to public information, including ensuring accessibility to take into account the needs of different groups of the population, including persons with disabilities, the Cabinet of Ministers of Ukraine adopted

Resolution No. 757 of 21 July 2023 amending the Procedure for Publication of Information on the Activities of Executive Authorities on the Internet.

- The government decided to introduce a Civil Society Week at the state level in Ukraine (Order of the Cabinet of Ministers of Ukraine No. 637 of 18 July 2023).

The Week will take place every year during the week that includes 15 September, the International Day of Democracy.

In 2023 more than 100 events were held by various state bodies and public associations within the framework of the Week. Work has already begun on organising and holding the Civil Society Week in 2024.

- The third story competition "Civil Society, Business and government – best practices of cooperation" was held in August 2023. The purpose of the competition is to promote successful examples of intersectoral cooperation in Ukraine. The results of the 2023 story competition were presented on 31 January 2024.

In addition, at the request of the Ministry of Culture and Information Policy:

The Council of Europe project "Protecting Freedom of Expression and Media Freedom in Ukraine" conducted a comparative analysis of the Recommendations of the Organisation for Economic Co-operation and Development on OECD Legal Instruments on Wider Access and Better Use of Public Sector Information and Ukrainian legislation.

The Council of Europe project "Supporting the Safety of Journalists and Media, Access to Information, and Communication Strategy for the Office of the Prosecutor General" analysed European practices of providing media services to persons with disabilities (subtitling, sign language translation, audio description (audio commentary) of audiovisual works, etc.)

The Secretariat of the Cabinet of Ministers, with the involvement of civil society institutions and international organisations, carries out quarterly and annual monitoring of the state of implementation of the plan of measures for the implementation of the National Strategy for the Promotion of Civil Society Development. In particular, regular coordination meetings with representatives of CSOs have been introduced by the Secretariat of the Cabinet of Ministers of Ukraine. In September 2023 and February 2024, such meetings were held to discuss the progress of the implementation of the action plan for the implementation of the Strategy during 2023–2024 (according to the "traffic light" principle).

Work on developing a new action plan during 2025–2026 has also begun. In order to take into account the opinion of representatives of civil society institutions, international organisations, and local self-government bodies in the draft action plan, a public-governmental platform is being created.

● ***Is there a structure or mechanism in place for dialogue and cooperation between CSOs and public institutions (at the level of government, ministries, parliament as well as local level)?***

A special Coordinating Council, which includes an equal number of representatives from the government and civil society organisations, who are elected in an open competition, coordinates the implementation of Open Government Partnership Initiative in Ukraine, in particular, the implementation of the relevant government Action plan for 2023-2025.

In accordance with the Laws of Ukraine "On Central Executive Bodies", "On Local State Administrations" and other legislative and regulatory acts, consultative and advisory bodies with participation of representatives of CSOs and social groups may be established at the relevant bodies. In particular, there are public councils, youth councils, councils for internally displaced persons, councils for accessibility, etc.

To promote the participation of civil society institutions in public control, monitoring and evaluation of the quality of the provision of medical services the Government adopted Resolution No. 1221 of 21 November 2023 "On the Supervisory Board of a Health Care Institution". The resolution approves the Procedure for the formation of the supervisory board of a health care institution and the Model Regulation on the supervisory board of a health care institution

● ***How is dialogue and cooperation between CSOs and public institutions working in practice?***

Ukraine has implemented the international initiative "Open Government Partnership", aimed at increasing the level of openness and transparency of government bodies, supporting the involvement of civil society institutions in the formation of state policy, and implementing high standards of professional integrity in public administration.

In 2023, the Government of Ukraine approved the Action plan for the implementation of the Open Government Partnership Initiative for 2023-2025 (approved by Order of the Cabinet of Ministers of Ukraine No. 1049 of 17 November 2023).

The process of developing the Action plan is a good example of co-creation with the participation of representatives of civil society.

To strengthen the communication of law enforcement agencies with human rights and other institutions of civil society, the Ministry of Internal Affairs has organised the work of a communication platform for the interaction of law enforcement agencies with representatives of civil society institutions, human rights organisations for the purpose of exchanging information and discussing problematic issues of ensuring the safety of the activities of representatives of civil society institutions.

● ***Does a framework on public consultation exist (binding or non-binding)?***

The information provided by Ukraine as part of the 2023 Enlargement Package

remains relevant.

- ***Are laws/ bylaws, strategies and policy reforms effectively consulted with CSOs?***

During 2023, the ministries, central bodies of executive power and regional military administrations held 2 792 public consultations. About 2 500 issues of social importance were brought up for discussion, including 1 378 draft normative legal acts.

**Additional update of the information previously provided by Ukraine
in the framework of the 2023 Enlargement Package**

For the development of the system of civic education, the Ministry of Education, with the involvement of the International Foundation for Electoral Systems (IFES), developed the curriculum and educational and methodological materials of the course "Democracy: ideas in practice" for professional (vocational and technical) education institutions. Approbation of the course is being conducted in 22 institutions of professional (vocational and technical) education.

In December 2023, in the framework of the communication platform, the representatives of the Ministry of Internal Affairs, the National Police of Ukraine, the Office of the Prosecutor General and the civil society sector, represented by the Center for Human Rights Information (ZMINA), the Center for Democracy and Rule of Law, and the Ukrainian Center for Independent Political Research, held an online meeting.

As a result of the online meeting, were identified areas for further cooperation and information exchange on the status of investigations into crimes against civil society representatives committed before 24 February 2022; criminal proceedings in cases involving missing civil society representatives, civilian hostages, and cybercrime against activists.

Considering the partners' proposals, primarily to expand the number of participants in the communication platform, preparations for the next meeting are ongoing.

Regarding the development of the Public Security and Civil Protection Strategy

The Resolution of the Cabinet of Ministers of Ukraine No. 729 of 18 July 2023 sets out in a new edition the Procedure for Conducting a Public Safety and Civil Protection Review by the Ministry of Internal Affairs (hereinafter - the Procedure).

In accordance with the Procedure, the Interagency Working Group on the Review of Public Security and Civil Protection, which included representatives of the Ministry of Internal Affairs, the National Police of Ukraine, the State Border

Guard Service of Ukraine, the State Migration Service of Ukraine, the State Emergency Service of Ukraine, the National Guard, the Ministry of Defense, the Security Service of Ukraine, the National Institute for Strategic Studies, and EUAM, conducted a review of public security and civil protection and approved a draft report on its results on 30.08.2023.

The above-mentioned draft report was previously approved by the Government of Ukraine on 15 September 2023 and on 21 September 2023 was submitted by the Ministry of Internal Affairs to the National Security and Defense Council of Ukraine for review and approval.

The Ministry of Internal Affairs, with the involvement of the authorities and scientific institutions within the MIA system, as well as EUAM, has prepared a draft Strategy for Public Security and Civil Protection of Ukraine, which, after the approval of the report on the results of the public security and civil protection review and its enforcement by a Presidential decree, will be submitted for approval to the relevant public authorities.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

The legal framework continues to guarantee the rights to freedom of association, freedom of expression, and freedom of peaceful assembly.

No relevant developments during the reporting period.

An ambitious multi-year civil society development strategy is in place, providing for more meaningful engagement with civil society. However, the impact of its full Implementation is yet to be assessed, while the government should consider adapting it with respect to the ongoing war and an envisaged post-war recovery.

Information on progress is provided above as part of the answer to the guiding question: *Are strategic documents for the cooperation with civil society in place (national strategy, roadmap etc.)? Is the strategic document implemented effectively?*

The government should further expand its public funding programs for civil society organisations and work on improving the dialogue and consultations with them.

In 2021–2023, National Agency for Civil Service agreed on 19 programs for

improving the qualifications of civil servants and local self-government officials on issues of dialogue as an approach to solving sensitive issues and resolving conflicts. In 2023, 3 576 civil servants and 2 646 local self-government officials received appropriate training at the Higher School of Public Administration and regional advanced training centres.

The Secretariat of the Cabinet of Ministers of Ukraine, together with the Higher School of Public Administration, developed a general professional (certificate) training program for civil servants "Communications in public authorities for democratic governance".

Also, the Secretariat of the Cabinet of Ministers of Ukraine, as part of a project implemented jointly with the Special Representative of the Chairmanship - Coordinator of OSCE Projects in Ukraine (OSCE Support Program for Ukraine), developed a training course "Dialogue and public consultations: how to cooperate with civil society effectively". At the beginning of 2024 training on the course is organised for representatives of ministries and other central bodies of executive power.

A draft law on public consultation that has passed first reading in the Verkhovna Rada already in 2021, should be adopted.

The Ministry of Justice of Ukraine has developed the draft Law of Ukraine "On Public Consultations", which was approved by the Government and submitted to the parliament for consideration (Reg. No. 4254 of 23 October 2020).

The draft Law of Ukraine "On Public Consultations" was developed with the aim of defining the basic principles (standards) for conducting public consultations during the formation and implementation of state policy, resolving local issues. The adoption of the draft law on public consultations is also envisaged by the Action Plan for the implementation of the recommendations of the European Commission presented in the Ukraine Progress Report under the EU Enlargement Package 2023, approved by the Order of the Cabinet of Ministers of Ukraine No. 133-r of 9 February 2024.

Additional efforts are also needed to address and investigate the cases of pressure and threats against civic activists.

To strengthen the communication of law enforcement agencies with human rights and other institutions of civil society, the Ministry of Internal Affairs has organised the work of a communication platform for the interaction of law enforcement agencies with representatives of civil society institutions, human rights organisations for the purpose of exchanging information and discussing problematic issues of ensuring the safety of the activities of representatives of civil society institutions. The key directions for further interaction and information exchange are:

monitoring the state of investigation of crimes against representatives of civil society committed before 24 February 2022; criminal proceedings in cases concerning missing representatives of civil society, civilian hostages; cybercrimes against activists; persecution of volunteers.

Furthermore, Ukraine should still enact a law regulating lobbying in line with European standards, as part of the anti-oligarch action plan.

In February 2024, pursuant to Article 444 of the Association Agreement with the European Union, the Verkhovna Rada of Ukraine adopted the Law of Ukraine No. 3606-IX of 23 February 2024 “On Lobbying”. The purpose of this Law is to regulate lobbying in Ukraine in accordance with international practices and standards, in particular, to define the rules of interaction between state authorities, local governments, their officials and lobbyists and mechanisms for controlling lobbying activities. It also provides for the accounting and systematisation of analytical materials submitted to draft laws as part of lobbying. The Law is expected to be implemented after the establishment of the Transparency Register, but no later than 1 January 2025.

On 25 December 2023, the Government also submitted to the Verkhovna Rada a draft Law “On amendments to the Code of Ukraine on Administrative Offences regarding violations of lobbying legislation” (Reg. No. 10373). The draft Law provides for the regulation of liability in case of non-compliance with the requirements of the lobbying legislation, termination of the violation, and establishment of liability for it. This Law No. 3620-IX was adopted on 21 March 2024.

CIVILIAN OVERSIGHT OF THE SECURITY AND INTELLIGENCE SECTOR

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

Strengthening democratic civilian control over the security and defence sector of Ukraine

Strengthening democratic control and oversight

The Ministry of Defence (MoD) is reviewing the provisions of the Law of Ukraine on National Security of Ukraine (developed with NATO advisory support and adopted in 2018), and actively developing a new legislation base, to strengthen democratic control and oversight of the armed forces and the wider defence and security sector and to modernise the command and control system.

Improvement of the joint management

The functional audit of the Ministry of Defence, General Staff's HQ and of the CiC Office has been completed. The decision-making process on developing of the new target-oriented C2 model is in progress. The military-political leadership has approved the Future Force Structure model that provides the joint management and C2 of the defence forces development and employment in accordance with the principles of NATO member countries, including the principles of the civilian control and democratic oversight

In cooperation with NATO experts, relevant institutional interoperability requirement IO 0003 Defence and Security Reform and Transformation has been developed and agreed, specifying the timeline and milestones closely interlinked with ongoing development of the future force design, joint operating concept, as well as MoD institutional transformation.

During 2023 - 2024 MoD continued the work on the development of institutional capabilities of the Ministry as guided by the Strategic Defence Bulletin of Ukraine of 2021. One of the priorities is to strengthen the capacity of the MoD key policymaking authority in the wider defence sector. Several working groups were launched to develop Ukraine's integrated defence system model, covering military policy, military-technical policy, human capital management policy, defence resources management policy, national resistance policy

Development of joint governance

A new model of joint governance within system of the Ministry of Defence was introduced, based on the guidance adopted in August 2023. It allows to enhance the coordination between the civilian leadership of the Ministry of Defence and the command of the Armed Forces, in compliance with the principle of clear delineation of powers and responsibilities. Joint governance system envisages establishment of committees, subcommittees and working groups, to foster engagement and dialogue between MoD and military commands, for the decision makers to receive the

comprehensive advice based on analysis of options performed within the committee structures. The new model of joint governance includes: • Strategic Council of the Ministry of Defence;

- Committee on Strategic Planning;
- Committee on Personnel Management, Humanitarian, Social Support, Gender Policy, and Health Care;
- Committee on Armament Management;
- Committee on Defence Forces Capability Management;
- Committee on Institutional Changes and Strategic Communications;
- Committee on European and Euro-Atlantic Integration;
- Committee on Digital Transformation;
- Procurement Committee;
- Property and Resource Management Committee.

MoD also launched professional training on joint governance for civil servants and members of the Armed Forces of Ukraine, in partnership with the National University of Defence and international advisory projects.

Building integrity, increasing transparency and accountability in the security and defence sector of Ukraine

Reforming Ukraine's defence procurement system 43. Ukraine system of defence procurement undergoes significant transformations. In the beginning of 2024, functions of procurement policy formation and procurement implementation have been successfully distributed between Procurement Policy Department of the MoD and two newly established procurement agencies: SE «Defence Procurement Agency» (lethal items) and SE «State Rear Operator» (for non-lethal items). New procurement agencies are operating with a zero-tolerance policy towards corruption and already achieved saving of 3.5 billion UAH (88.7 million USD) in procurement during the first month of operations. MoD ensures continual pursuit of corrupt officials in close cooperation with law enforcement institutions.

As a next step, the Supervisory Boards for state enterprises and procurement agencies are being formed. The preparatory stage (approval of the Regulation on the Supervisory Board and the Regulation on the principles of formation of the Supervisory Board, qualification requirements for the recruiting company) is completed. The selection of a recruiting company to search for candidates for the positions of three independent members of the Supervisory Boards has been announced on the Prozorro website – open E-platform for public procurement of good and services.

Also, the formation of the compliance and risk management system in the SE «Defence Procurement Agency» and the SE «State Rear Operator» is underway,

with the following steps already completed: • three-component Compliance system developed; • Due Diligence methodology approved; • the procedure for checking suppliers of the SE «State Rear Operator» is being developed.

In order to ensure the sustainability and systematization of these efforts, Ukraine actively participates in Comprehensive Assistance Package Project “Strategic Review of Defence Procurement in Ukraine”. Under the coordination of the Governmental Office for the European and Euro-Atlantic integration, the Ministry of Defence and other defence and security sector institutions assigned experts to 5 working groups for the Review which was formally launched at the inauguration conference on March, 18-19. The relevant work is underway.

MoD successfully implemented pilot projects on the application of the Government Quality Assurance requirements in the contracts (agreements) on the repair of armaments and military equipment with foreign enterprises of partner states. Relevant regulations and procedures are developed by the government. Bilateral international agreements on mutual government quality assurance are signed by MoD with the Czech Republic, Sweden and the French Republic, and negotiated with the Republic of Poland, the Federal Republic of Germany and the Republic of Turkey.

Transparency and accountability regarding the provision of partner assistance to Ukraine 48. Government also takes actions to increase transparency and accountability for the military assistance provided to Ukraine by partners. The Cabinet of Ministers of Ukraine recently adopted a pivotal regulation regarding military aid supporting the needs of the Security and Defence Forces of Ukraine during the legal regime of martial law. The resolution, initiated by the Ministry of Defence, will regulate the interaction of the governmental structures regarding the attraction, receipt, transfer and accounting of the provision of international military aid. 49. The Information and Communication System for Planning and Management of Logistics Support using specialized software «NATO LOGFAS» is currently applied in testing mode and relevant upgrade of national regulations is led by the Ministry of Defence.

The Ministry of Interior (MoI) subordinated bodies currently use a digital monitoring system for international aid (PROvision project) sponsored by UNDP. The work on implementing the International Assistance Monitoring System in the MoI and its subordinated bodies (PROvision project) continues. Building integrity

The draft Rules of Ethical and Integrity Conduct for MoI employees were developed.

The National Police of Ukraine (NPU) conducts work to introduce amendments to the Laws of Ukraine «On the National Police» and «On the Disciplinary Statute of the National Police of Ukraine» to improve the personnel management system, as well as create independent disciplinary commissions for official investigations.

Reforming law enforcement agencies as a part of the security and defence sector

Presidential Decree No. 273/2023 of May 11, 2023, approved the Comprehensive strategic plan for reforming law enforcement agencies as part of the security and defence sector of Ukraine for 2023-2027. The Strategic Plan aims to prioritise the reform of law enforcement agencies as part of the security and defence sector, to ensure its modernization and alignment with the standards that Ukraine shall achieve on its path to the NATO and EU membership. In particular, 6 strategic priorities for reforming the sector have been identified:

- efficiency and effectiveness of law enforcement and prosecution agencies, taking into account strategic goals and in accordance with human rights standards and fundamental freedoms;
- consistent criminal policy;
- efficiency of criminal proceedings in compliance with international standards and the rule of law;
- a result-oriented management system in accordance with the established priorities;
- comprehensive digital transformation;
- openness, transparency, accountability and independence.

Interagency working group (IWG), consisting of Prosecutor General of Ukraine, heads of law enforcement agencies, members of the Ukrainian Parliament, representatives of the European Union Advisory Mission to Ukraine and EU Delegation, developed a draft Action Plan for the implementation of the Comprehensive Strategic Plan for the Law Enforcement Agencies Reform for 2023-2027, which was endorsed on March 15, 2024. The Action Plan is expected to be approved by the Cabinet of Ministers of Ukraine.

Protecting society and state from threats in the public security and civil protection areas

The Ministry of Interior completed a Review of Public Security and Civil Protection, the results of which were submitted for the consideration of the Office of the President of Ukraine. Based on the findings of the review, MOI in line with provisions of the Law “On National Security” drafted the Public Security and Civil Protection Strategy of Ukraine, which is under consideration of the National Security and Defence Council. 56. The State Migration Service of Ukraine (SMS) has developed a new model for organizing the work of its territorial units, which is currently being tested in the Central Interregional Department of the SMS. As of March 27, 2024, the SMS connected 346 Administrative Services Centers (ASCs) to the Unified State Demographic Register, including 2 ASCs in 2024. The work is ongoing.

1. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

1.1. Functioning of Democratic Institutions and Public Administration Reform

1.1.2. Public Administration Reform



У К Р А Ї Н А



Є В Р О П А

STRATEGIC FRAMEWORK FOR PUBLIC ADMINISTRATION REFORM

Answers to the Guiding Questions

• *Is there a comprehensive PAR strategy with an overall long-term vision? Is there clear prioritisation and sequencing of envisaged reforms? Has the strategy been prepared through a public consultation procedure?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Is there high-level political support and political consensus about the need and the scope of PAR? How is this demonstrated?*

The basic information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Support for the public administration reform has been repeatedly expressed at the highest political level, including the Prime Minister of Ukraine. This area is always identified as a priority in key strategic documents of the Government, such as the 2023 and 2024 Government Work Plans. It is also one of the priority areas covered in the Ukraine Facility Plan.

Also, SIGMA 2023 Ukraine Monitoring Report was formally launched by the Prime Minister, thus stressing the importance that is attached for the need to build public administration along the requirements set out by the Principles of Public Administration.

• *Does a monitoring framework for strategy implementation exist? Is the strategy consistently implemented and are reform outcomes and targets regularly monitored against measurable indicators?*

The basic information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Public Administration Reform Strategy 2022-2025 implementation in 2022 was 89% of planned activities completed and 59% of indicator targets achieved. According to preliminary information for 2023, the corresponding data is 85% and 48% (annual report on PAR Strategy in process of finalisation).

• *How is strategy implementation managed? Is there a functioning central steering (with a nominated lead institution) and change management process (for example with working groups) in place? Are relevant stakeholders systematically involved? Are drivers, opportunities and obstacle to reform regularly reviewed and managed? To what extent is there a focus on substantive improvement, rather than*

formalistic change.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Is financial sustainability of PAR ensured? Is PAR indicated as one of the priorities in the medium-term expenditure framework with an approximate amount of resources? Is cost of PAR reflected in the annual budget?

The public administration reform measures are performed at the expense and within the limits of the expenditures envisaged in the State Budget of Ukraine for the maintenance of the relevant government authorities. Starting from January 1, 2024, the state policy on remuneration in the civil service underwent significant changes aimed at strengthening the personnel capacity of the civil service, increasing the transparency, fairness and predictability of wages, by introducing a new model of remuneration for civil servants, based on the classification of civil service positions and introduction of a graded salary system, where the size of the minimum grade is set at the level of the minimum wage (7.100 UAH).

• Is there an innovation and/or digital government agenda in place, covering key enablers and area-specific solutions? Is it effectively implemented? Is there a culture of learning and permanent improvement?

The position of Chief Digital Transformation Officer, introduced in Ukraine in 2020, plays an important role as a mechanism for coordinating governance at the national and subnational levels. As of March 2024, there were 18 CDTOs in 19 ministries, 24 CDTOs in central government, and 13 CDTOs in regional administrations.

Due to the need to cover all areas with these positions, the Ministry of Digital Transformation of Ukraine has launched the CDTO Campus project. CDTO Campus is a cutting-edge Gov Tech educational project designed to develop a new generation of leaders in the field of digital transformation in Ukraine. This initiative aims to create a foundation for the qualified staffing of strategic national projects, ensuring the preparation of highly qualified specialists for the role of CDTO.

The primary goal of the CDTO Campus is the qualified staffing of state projects through systematic selection, training, and support of CDTO specialists. Special attention is given to developing a unique training methodology that facilitates the universalization of competencies necessary for effective digital transformation.

The KPI is defined as meeting the staffing needs of CDTO in various regions of Ukraine according to the formula 25-38-1400 (25 CDTOs in regional administrations - 38 CDTOs in cities - 1400 CDTOs in territorial communities). Key success indicators include the speed of project implementation, the increase in the Digital Transformation Index, the improvement of Ukraine's position in international digitalization rankings, and the international recognition and scaling of

the project.

At the same time, to empower regional inclusion and data driven decision making, the Ministry of Digital Transformation of Ukraine has developed a methodology for measuring digitalization and informatization. The Regional Digital Transformation Index is implemented in the country's 24 regions, covering nine main aspects: institutional capacity, connectivity, development of administrative service centres, paperless service provision, digital education, penetration of basic electronic services, digital transformation of industry, business card of the region, sectoral digitalization and single digital projects. Considering over 80 indicators, the Index points out to these areas, adding up to a maximum score of 1. In 2023 the average score for Ukraine was 0.632 out of 1. As of 3 April 2024 regional CDTOs are appointed in 13 regions.

As part of the EU's Digital Europe programme, which Ukraine joined in 2022, we are participating in the development of the European Digital Identity Wallet (POTENTIAL consortium). After the product is launched, Ukrainians will be eligible to use Diia in the EU, and Europeans will be eligible to use their digital wallets in Ukraine. Also in December 2023 the national pre-selection for European Digital Innovation Hubs was held. 15 applicants were recommended by the National Commission to participate in the EU call. The general support for potential participants provided by the Entrepreneurship and Export Promotion Office as a national contact point of the Programme in Ukraine.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

During 2023, the SIGMA Programme conducted an assessment in Ukraine against the Principles of Public Administration (the Principles). The report on the results of the assessment was presented in February 2024 during the visit to Ukraine of the OECD Secretary-General Mathias Cormann. This report analyses the performance of public administration in Ukraine through a set of standard indicators based on the Principles of Public Administration.

The Principles set out what good public governance entails in practice and outline the main requirements to be followed by countries during the European Union (EU) integration process. They address the preconditions for a good public administration (good laws, policies, institutional capacity and procedures) and how an administration performs in practice.

In its 2014 and 2018 Enlargement Strategies, the European Commission highlighted public administration reform as one of three “fundamentals first” areas of the EU enlargement process. Given the European Council decision of December 2023 to open accession negotiations with Ukraine, this report provides data and recommendations on how Ukraine could better meet the standards set by the Principles.

The report follows up on the 2018 SIGMA Baseline Measurement Report and provides comparative information on reform successes and remaining challenges. It covers the six thematic areas of the Principles (strategic framework of public administration reform, policy development and coordination, public service and human resource management, accountability, service delivery and public financial management). The report provides indicator values and comparison of overall trends across the administration.

Based on the results of the assessment, the overall indicator value in area “Strategic framework of public administration reform” is 3 and the SIGMA Programme did not provide any recommendations for the improvement in this area.

At the same time, the results of the assessment and received recommendations in other areas will be the basis for the Government of Ukraine to update both strategies – the Public Administration Reform Strategy 2022-2025 and the Public Financial Management Strategy 2022-2025.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

Not applicable.

POLICY DEVELOPMENT AND COORDINATION

Answers to the Guiding Questions

• *Does the country have a well-organised, consistent and competent policy-making system across sectors. Is there effective coordination established at the centre of government?*

On 20 September 2023 the Law of Ukraine “On Law-Making Activity” entered into force (it shall be implemented one year after the termination or cancellation of martial law in Ukraine). The specified Law introduces the legal principles of planning law-making activity. In particular, the creation of a number of analytical, forecasting and programme documents for public policy will be introduced in order to determine the problems existing in social relations, the optimal ways to solve them, as well as to forecast the prospective development of the legal regulation of social relations.

• *What is the quality of the European Integration coordination system (acquis transposition, negotiations)? Is the National Plan for the Adoption of Acquis (or similar) realistic? Is there alignment with the Government Annual Legislative Plan and regular coherent monitoring of implementation of both government documents? (see also guiding questions on Democratic Institutions)*

Relevant information is provided under the **sub-area “Governance” of section 2.1.1 Democracy**, namely in the answers to the guiding questions:

- Is there a National Plan for the Adoption of the Acquis or alike adopted? If so, is it costed? Is there regular monitoring of its implementation? How is it linked to the government's annual legislative programme? (see also under Public Administration Reform).

- Please assess the functioning and coordination of the government's structures and the extend / quality of consultations with sub-state levels of governance and other concerned stakeholders and civil society in the policy making related to EU accession process.

• *Does the country have a harmonised medium-term policy planning system in place? Are policy and financial planning linked? Are sectoral policies and related action plans costed and monitored across line ministries? Are sector policy priorities and costs reflected in the medium-term budgetary framework priorities and respect the budget ceiling? (see also public financial management below)*

Ministries and other central bodies of executive power ensure that their work plans are brought into line with the Government's Priority Action Plan for the relevant year. In particular, in 2024 – in accordance with the third paragraph of point 2 of the Order of the Cabinet of Ministers of Ukraine No. 137 of 16 February 2024 “On approval of the Government's Priority Action Plan for 2024”, in 2023 – in

accordance with the instruction of the Prime Minister of Ukraine No. 12759/0/1-23 of 25 April 2023.

1. Sectoral policy and financial planning are linked within the framework of medium-term budget planning. The budget declaration as a document of medium-term budget planning determines the ceilings for the key spending unit (limit indicators of state budget expenditures and granting of loans), as well as the goals of state policy and indicators of their achievement within the defined spheres (item 8 of part 9 of article 33 of the Budget Code of Ukraine (Code)).

2. In July 2023, the Verkhovna Rada of Ukraine adopted the Law of Ukraine № 3278-IX of 27 July 2023 «On Amendments to the Budget Code of Ukraine on Ensuring Predictability of Budget Policy and Strengthening Debt Sustainability».

This Law, in particular, provides for the restoration of the norms of Article 33 of the Code and related norms on the preparation of the Budget Declaration as a medium-term budget-planning document from 1 January 2024.

As of 1 April 2024 the work on medium-term budgeting is ongoing.

The Ministry of Finance sent a letter dated 2 February 2024 to the key spending units of the state budget on the preparation of the Budget Declaration for 2025-2027.

According to the letter, the key spending units, in particular, will be submitting information on structural changes in their expenditures. As part of the implementation of EU standards, the Ministry of Finance for the first time requested information to be used for the calculation of the baseline (in particular, on the factors affecting the baseline costs).

• ***What is the quality of inclusive evidence-based policy and legislative development?***

○ *What is the analytical capacity and sector expertise of the policy coordination units and line ministries? Is there any (central) thematic/sector guidance (e.g. knowledge centres, scientific support)?*

○ *Are inter-ministerial and public coordination and consultation mechanisms formalised? What is the quality of cross-sector coordination (avoiding silos)? Are stakeholders regularly consulted? To what extent are results of consultations taken into account in policy design/review?*

○ *To what extent are (fiscal, regulatory, social, environmental, etc.) impact assessments systematically conducted? What is their quality? Is there a quality control function established at the prime minister's office level to oversee usage of regulatory impact assessments and public consultations?*

On 20 September 2023 the Law of Ukraine “On Law-Making Activity” entered into force (it shall be implemented one year after the termination or cancellation of martial law in Ukraine).

In accordance with Article 44 of this Law, the draft regulatory act is subject to

mandatory examination on compliance with Ukraine's obligations in the field of European integration and the law of the European Union (EU acquis), as well as scientific, legal (legal), anti-corruption, gender-legal, anti-discrimination and other examinations defined by law (mandatory examination). By the decision of the subject of law-making activity or by the decision of another subject authorised by law regarding the draft regulatory act, additional examinations may also be conducted in accordance with the procedure established by the legislation of Ukraine on the issues specified in the first part of Article 44, as well as:

1) on compliance with the provisions of the Convention for the Protection of Human Rights and Fundamental Freedoms and its Protocols, the practice of the European Court of Human Rights;

2) financial and economic;

3) digital;

4) regarding the impact on budget indicators and compliance with laws regulating budget relations;

5) regarding the impact on indicators of economic and social development and compliance with Ukraine's obligations under the Agreement Establishing the World Trade Organization;

6) on other issues that may affect the quality of the draft regulatory act.

The independent examination by expert organisations from among scientific, educational, international and other organisations of the relevant profile, experts from among scientists and specialists can be conducted regarding draft regulatory legal acts. The National Academy of Sciences of Ukraine is the main expert institution for conducting legal (legal) examination of draft laws. The procedure for sending draft laws to the National Academy of Sciences of Ukraine for legal examination is determined by the legislation of Ukraine.

• Are the organisational structure, procedures and staff allocation and expertise across coordination units and line ministries appropriate to ensure that developed policies and legislation are implemented? Are there policy coordination and implementation monitoring mechanisms?

On 20 September 2023 the Law of Ukraine “On Law-Making Activity” entered into force (it shall be implemented one year after the termination or cancellation of martial law in Ukraine), according to which legal monitoring is introduced. According to the specified Law, Legal monitoring is a systematic complex control activity aimed at tracking, analysing and evaluating the implementation of adopted legal acts regarding:

1) putting them into effect in full (entry into force of normative legal acts, implementation of legal norms set out in their transitional provisions, adoption (edition) of subordinate normative legal acts aimed at the implementation of normative legal acts, in respect of which legal monitoring is carried out);

2) achievement of the planned goals of normative and legal regulation, their impact on society and (or) on certain social groups, sectors or industries, as well as determination of social, legal, political, economic, environmental, administrative and (or) other possible planned consequences or detection of unplanned consequences.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

During the period from 15 April 2023 to 31 March 2024, there were certain achievements in fulfilment of international obligations and recommendations.

1) In June 2023, the OECD Program for Ukraine was launched in order to support Ukraine in its approximation to OECD standards.

Following the aim of implementing this Program and improving the mechanism of coordination of relevant authorities for efficient cooperation with the OECD. On 3 November 2023 the Government of Ukraine has adopted a resolution No. 1165 “Some issues of cooperation between the Cabinet of Ministers of Ukraine and the Organization for Economic Cooperation and Development in the context of the dialogue according to the accession to the Organization”, which approved the Action Plan for the Implementation of the OECD Program for Ukraine, <https://www.kmu.gov.ua/npas/deiaki-pytannia-spivrobitnytstva-kabinetu-ministriv-ukrainy-ta-orhanizatsii-ekonomichnoho-spivrobitnytstva-ta-rozvytku-v-konteksti-dialohu-shchodo-vstupu-do-orhanizatsii-1165-031123>.

This Plan contains 129 steps in various areas: public administration, anti-corruption and tax areas, regional development, etc., that are aimed at achieving the short-term, medium-term and long-term objectives that are envisaged by the OECD Program for Ukraine.

The OECD Program for Ukraine focuses on supporting Ukraine's OECD and EU accession goals and addresses structural issues such as tax policy and administration, corporate governance, public administration, integrity and anti-corruption, competition and environmental policy. It also covers key recovery issues such as infrastructure policy and support for displaced and returning refugees.

The Program also envisages strengthening the state's participation in 24 OECD bodies, as well as joining more than 70 legal instruments of the OECD (recommendations, declarations, conventions, etc.) within four years.

2) In August 2023, the Government of Ukraine took a step forward to set the institutional support and improve the coordination mechanism for the implementation of the Sustainable Development Goals (SDG).

The Interagency Working Group on Ensuring the Achievement of the Sustainable Development Goals was established ([Resolution of the Cabinet of Ministers of Ukraine No. 923](#) of 29 August 2023). The Head of the Group is the

Minister of the Cabinet of Ministers, while its members represent ministries whose competences are related to the respective SDG.

The first meeting of the Interagency Working Group on Ensuring the Achievement of the Sustainable Development Goals (IWG) was held on 1 November 2023. According to the results of the mentioned meeting, the working groups under the IWG are currently updating the national objectives of the SDG and the indicators for them.

In this context, it is worth mentioning that the provisions of the Regulations of the Cabinet of Ministers of Ukraine establish that the need to achieve the Sustainable Development Goals is taken into account in the process of formulating and implementing state policy.

Answers to the Guiding Questions

• *Does the overall legal framework provide a clear and comprehensive scope of the public service and is it implemented in practice? Does the legal framework ensure a professional and de-politicised civil service?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Is recruitment competitive, based on merit and equal opportunity? Do selection criteria reflect the experience, knowledge, skills and competencies required for good performance of the job? Do recruitment procedures lead to the selection of the best ranked candidate in practice?*

On 20 September 2023, the Law No. 3384-IX “On Amendments to Certain Laws of Ukraine Regarding the Procedure for Submission of Declarations by Persons Authorized to Perform State or Local Self-Government Functions in Times of Martial Law” restored the requirements for candidates to submit declarations of persons authorised to perform the functions of the state or local self-government for the previous year, as well as to conduct a special inspection under the Law of Ukraine “On Prevention of Corruption”, as well as an inspection under the Law of Ukraine “On Purification of Government”.

In order to ensure the verification of the culture of zero tolerance to corruption of candidates for civil service positions of category “A” during the competition for civil service positions, the Model Requirements for Persons Applying for Civil Service Positions of Category “A” were amended (Resolution of the Cabinet of Ministers of Ukraine No. 562 of 2 June 2023 “On Amendments to the Model Requirements for Persons Applying for Civil Service Positions of Category “A”).

• *Are civil servants promoted based on merit and are dismissals justified based on performance or other reasons stipulated in the law? Can public servants appeal against unfair demotion and dismissal? To what extent is the redress mechanism fair and effective?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *To what extent is top management competent and non-partisan and ensures effective leadership in public administration regardless political change?*

The information provided by Ukraine as part of the 2023 Enlargement Package

remains relevant.

• Is gender balance proactively promoted and achieved in civil service, including senior managerial positions?

Thus, according to the statistics available to the NAUCS, the actual number of employed civil servants as of 31 December 2023 was 159 904. Of these, 213 people were employed in the civil service positions of category “A”, 40 737 people of category “B” and 118 954 people of category “C”. Among them, the share of actually employed women was 75% of the total number of actually employed (119 808 people), the share of actually employed men was 25% of the total number of actually employed (40 096 people).

The share of women among civil servants in positions of category “A” was 31% of the total number of actually employed civil servants in positions of category “A” (67 persons), the share of women among civil servants in positions of category “B” was 66% of the total number of actually employed civil servants in positions of category “B” (27 021 persons) and the share of women among civil servants in positions of category “C” was 78% of the total number of actually employed civil servants in positions of category “C” (92 720 persons) (more details by the link: <http://surl.li/pufiv>).

• What is the quality and capacity of human resources management? Is there central coordination, with sufficient specialised staff, empowered and capable of leading, supporting and monitoring the policy and legal framework? Is there a Human Resources Management Information System in place providing data at the level of the entire public service and is this linked with payroll? Are professional and consistent human resources services ensured across the public service?

In 2023, the NAUCS has updated and approved methodological recommendations on:

– certain issues of preparation of job descriptions for civil servants of categories “B” and “C” (Order of the NAUCS No. 41-23 of 22 March 2023);

– determination of tasks and key performance indicators, efficiency and quality of service of civil servants holding civil service positions of category “A” and their revision (Order of the NAUCS No. 181-23 of 10 November 2023);

– determination of tasks and key performance indicators, efficiency and quality of service of civil servants holding civil service positions of categories “B” and “C”, monitoring their implementation and revision (Order of the NAUCS No. 186-23 of 17 November 2023);

– determination of results of tasks performed by civil servants holding civil service positions of category “A” and approving the conclusion (Order of the NAUCS No. 155-23 of 28 September 2023);

– determination of results of tasks performed by civil servants holding civil service positions of categories “B” and “C” and approving the conclusion (Order of the NAUCS No. 156-23 of 28 September 2023).

In 2023, two meetings of the Human Resource Management Council at the NAUCS were organised and held. During the first meeting (20 April 2023), issues related to the professional development of civil servants; safety and support in the workplace and topical issues in human resource management were considered. During the second meeting (14 December 2023), the issues of human resource management in the public service in the context of recent legislative changes were considered; staff shortages in public authorities and attracting young people to the public service; staff support and development and the role of HR, as well as awarding the winners of the All-Ukrainian competition “Best Practices in Human Resource Management” in the nominations: “Best Practice of Developing Ethics of Teamwork”; “Best Practice of Creating Barrier-Free Workplace”; “Best Practice of Recruiting Personnel under Martial Law”.

More details by the link: <https://nads.gov.ua/>.

• To what extent does the organisational culture of the civil service encourage coordination and cooperation, promote team-work, new ideas, delegation and empowerment of staff?

The Strategy for Public Administration Reform in Ukraine for 2022-2025 sets out to ensure the development and maintenance of organisational and managerial culture, ethical behaviour in the civil service, focus on cooperation, achievement of results and human centredness.

In 2023, a roundtable discussion “Transformation of the Public Service Culture” was organised (8 November 2023), where the Analytical note on the results of surveys of civil servants in 2020, 2021, 2023 was presented. In 2023, the NAUCS continued the practice of organisational culture research “Public Service in Ukraine: Your Point of View”. The analytical report is available on the NAUCS official website.

The survey was conducted to determine the parameters of organisational culture in the civil service, identify its advantages and disadvantages, and track the evolution of values and behavioural attitudes of civil servants to further improve the efficiency of the public service. A total of 43 862 public servants took part in the survey.

Educational courses were prepared and launched, namely: “Crisis Communications” and “Crisis Communications in Human Resource Management”. These events are aimed at enhancing the formation of organisational and managerial culture, respect and tolerance in the public service environment.

• *Is the remuneration system of public servants based on the job classification? Is it fair and transparent? Does public administration as employer offer a competitive package (remuneration, job stability, work conditions)?*

In order to introduce a transparent and fair system of remuneration for civil servants, the NAUCS has developed the Draft Law of Ukraine “On Amendments to the Law of Ukraine “On Civil Service” on the Introduction of Unified Approaches to Remuneration of Civil Servants Based on Position Classification” (hereinafter - Draft Law No. 8222).

Draft Law No. 8222 adopted by the Parliament on 28 July 2023 in the first reading as a basis.

On 13 February 2023, a roundtable discussion jointly with the relevant Committee of the Verkhovna Rada of Ukraine on the topic “Reform of the remuneration system of civil servants as a component of Ukraine's European integration” was held. The participants discussed the status of the reform, Draft Law No. 8222 and the reform roadmap for 2023-2024.

On 14 June 2023, jointly with the relevant Committee of the Verkhovna Rada of Ukraine, the “Discussion of the Position of SIGMA Programme and Key Ukrainian Stakeholders on the Implementation of Unified Approaches to Civil Servants Remuneration through the Prism of Draft Law № 8222” was held.

In September-November 2023, the Working Group worked to finalise and prepare Draft Law No. 8222 for the second reading. They processed 125 amendments from MPs of Ukraine with the participation of the Head and other representatives of the NAUCS - members of the working group - presenting their positions on each of the amendments.

At the same time, the “Final Provisions” chapter of the Law of Ukraine No. 3460-IX of 9 November 2023 “On the State Budget of Ukraine for 2024” developed by the Ministry of Finance of Ukraine, stipulates that *in 2024, civil servants will be remunerated based on the classification of positions*. Other conceptual approaches to the remuneration of civil servants in 2024 are also defined. The decision taken by the Government to establish the terms of remuneration of civil servants in 2024 in the aforementioned Law No. 3460 is driven by the requirements of the time and reflects the position of the Ministry of Finance of Ukraine, in particular, the capacity of the State Budget of Ukraine in 2024.

In this regard, the NAUCS developed and provided support for the adoption of Resolution of the Cabinet of Ministers of Ukraine No. 1109 of 23 October 2023 “On Preparation for the Introduction of Remuneration Conditions for Civil Servants Based on the Classification of Positions in 2024”. The Catalogue of Typical Civil Service Positions and Criteria for Classification of Civil Service Positions and the Algorithm for Classification of Civil Service Positions under Martial Law was approved by the mentioned resolution.

In addition, in order to regulate the conditions of remuneration of civil servants based on the classification of positions, the NAUCS developed and provided support

for the adoption of Resolution of the Cabinet of Ministers of Ukraine No. 1409 of 29 December 2023 “On Issues of Remuneration of Civil Servants Based on the Classification of Positions in 2024”.

In order to properly prepare for the classification of positions, the NAUCS prepared and arranged a webinar “Classification of Positions under Martial Law” on 27 October 2023 (23 thousand Youtube views). Additionally, a practical guide “Step-by-step algorithm for classifying civil service positions under martial law” and other information and reference materials have been developed (for more details, see the NAUCS official website:

<https://nads.gov.ua/news/provedennia-klasyfikatsii-posad-v-umovakh-voiennoho-stanu-korysna-informatsiia>).

The classification of civil service positions in government authorities was launched in October 2023.

As of the beginning of April 2024, the NAUCS provides ongoing advisory and methodological support, verification and approval of the results of the classification of civil service positions in government authorities in accordance with the Resolution of the Cabinet of Ministers of Ukraine No. 1109 of 23 October 2023.

To summarise, in 2024, remuneration for civil service positions in the government authority that classified civil service positions will be based on the classification of civil service positions in accordance with the Resolution of the Cabinet of Ministers of Ukraine No. 1409 of 29 December 2023.

At the same time, paragraph 13 of the “Final Provisions” chapter of the Law of Ukraine No. 3460-IX of 9 November 2023 stipulates that the remuneration conditions for civil servants provided for by this Law do not apply to civil servants in government authorities that have not classified civil service positions. Such civil servants shall be remunerated in accordance with the conditions established for 2023, with incentive payments up to a maximum of 50 per cent of the official salary per month.

As the Law of Ukraine No. 3460-IX of 9 November 2023 is limited in time until 31 December 2024, the Draft Law No. 8222 is currently being developed, which is extremely important and necessary for the comprehensive implementation of the remuneration reform starting from 2025.

• Is the professional development of public servants systematically ensured, including systematic training, fair performance appraisal, mobility and promotion based on objective and transparent criteria on merit?

In 2023 and the first quarter of 2024, the NAUCS, which, in accordance with the legislation of Ukraine, ensures the functioning of the system of professional training of civil servants, heads of local state administrations, their first deputies and deputies, officials of local self-government and members of local councils, focused its activities on ensuring continuous professional training of the above categories of

persons, compliance of the content of training programmes with the needs of government authorities, and improvement of the quality of training. To ensure the planned development of the professional training system in the medium term, the Cabinet of Ministers of Ukraine approved an action plan for the development of the professional training system for civil servants, heads of local state administrations, their first deputies and deputies, officials of local self-government and local council members until 2027 by Resolution No. 1206-r of 27 December 2023.

In 2023, the High School of Public Governance implemented 129 professional development programs, which trained 22 854 civil servants. As of 31 March 2024 the High School of Public Governance has implemented 42 professional development programs, in which 5312 civil servants have completed professional training.

In 2023, 125 264 civil servants, heads of local state administrations, their first deputies and deputies, and officials of local self-government were trained in one or more advanced training programs at regional training centres at the expense of state and local budgets and other sources not prohibited by law.

In 2023, 39 147 civil servants, heads of local state administrations, their first deputies and deputies, and officials of local self-government were trained by the NAUCS at the request of the state order, of whom 22 854 civil servants, heads of local state administrations, their first deputies and deputies, and officials of local self-government - at the High School of Public Governance; 16 293 civil servants and officials of local self-government - at 25 educational institutions selected through automated competitive selection.

In 2023, the NAUCS ensured the development of 582 training programs for civil servants and officials of local self-government in priority directions/topics of qualification improvement, which are approved by the NAUCS every year based on the results of determining the needs of these categories of persons. In addition, to ensure unified approaches to the training of civil servants and officials of local self-government (training content, regulatory burden, etc.), the NAUCS approved 5 standard general training programs for civil servants and officials of local self-government on the most topical issues of public administration.

As of March 31, 2024, more than 20 000 civil servants, heads of local state administrations, their first deputies and deputies, and officials of local self-government are learning English as part of projects launched by the NAUCS with foreign partners. Between January 1, 2023 and 31 March 2024 more than 7 000 people received certificates based on the results of the training.

The NAUCS ensured access to free information services in the field of professional training on the Knowledge Management Portal. As of 31 March 2024 133 871 people were registered on the Portal, including civil servants, heads of local state administrations, their first deputies and deputies, officials of local self-government, and deputies of local councils (including 9 667 people for the period from 1 January 2024 to 31 March 2024), 6 905 government authorities, 160 entities providing educational services in the field of vocational training (providers),

including 25 international technical assistance projects and non-governmental organizations.

The Knowledge Management Portal provides information on 1 760 advanced training programs and 67 master's degree programs in Public Management and Administration.

• *Are measures for promoting integrity in public service, and preventing corruption and ensuring discipline in place and systematically applied?*

The issue of integrity and impatience to corruption in government authorities was highlighted during the Integrity Forum in the framework of the Richelieu Forum of Public Service, held on 21 September 2023. During the Forum, speakers and participants discussed international and domestic trends in public service integrity, priorities and challenges.

The NAUCS develops training programs on integrity issues jointly with international partners and in cooperation with the NABU, NACP, and other law enforcement agencies, and focuses on the practical needs of a specific target audience.

The High School of Public Governance under the NAUCS is the only educational institution that trains authorised persons on preventing and detecting corruption.

Since October 2023, an educational course on the role of a manager in building an integrity environment of an organisation, defined by the Anti-Corruption Program and developed by the High School in cooperation with the NACP, has been launched for civil servants of category “A”.

In 2023, the NAUCS developed and approved a standard general professional (certificate) training program “Prevention of corruption and implementation of integrity standards in the civil service and local self-government bodies” (Order of the NAUCS No. 81-23 of 9 June 2023).

In addition, the High School, in cooperation with the NACP, implements the following professional development programs:

- “Preventing corruption and ensuring integrity”;
- “Organization of work on declaration in a government authority”;
- “The role of the manager in building an integrity environment of the organization” for civil servants of category “A”;
- “Implementation of a professional standard of anti-corruption work in the activities of government and local authorities”;
- “Key functions of the professional standard “Commissioner for Anti-Corruption Activities”.

Separate modules on integrity are taught in the following programs:

- “Principles of civil service functioning for newly appointed civil servants”;
- “Actual issues of civil service for those newly appointed to civil service positions of category “B”;
- “Public administration in conditions of crisis situations”;
- “Municipal workshop”;
- “School of Strategy Training”;
- “Actual issues of local self-government bodies' activity”.

From June 2023 to March 2024, the NACP held a number of events for promoting integrity in public service, and preventing corruption:

- **Forum of Integrity Communities** - an event held on 20 July 2023 in partnership with the “U-LEAD with Europe” Program, which is dedicated to integrity at the local level and its important role on Ukraine's path to European integration, in particular through integrity of public service (60 participants and 501 watching online broadcast);

- informational and educational activities for police officers, in particular:

1) lecture on anti-corruption legislation for the “National Academy of Internal Affairs” of the Ministry of Internal Affairs of Ukraine on 28 September 2023 (300 participants);

2) educational event “Integrity in practice: important questions from police officers” on 31 October 2023 (8 000 participants);

3) training workshop “Resolving situations of conflict of interests and moral dilemmas for police officers” on 28 November 2023 (participants - heads of structural divisions of the National Police and the Academy of Patrol Police, 50 participants);

- **22 trainings on the topic of declaration for anti-corruption commissioners** (over 2 884 participants);

- **developed and launched online courses on Study.nazk:**

1) “Conflict of interest: from detection to settlement”¹ (918 people received certificates) released 28 August 2023;

2) “Development of integrity of organizations”² (16 776 people received certificates) released 27 December 2023;

3) “Novice in public service”³ (20 177 people received certificates) released on 2 January 2024;

4) “How the state interacts: study, communicate, change”⁴ (24 076 people

¹ <https://study.nazk.gov.ua/courses/course-v1:NAZK+ak006+2023-05/about/>

² <https://study.nazk.gov.ua/courses/course-v1:NAZK+ak008+2023-09/about/>

³ <https://study.nazk.gov.ua/courses/course-v1:NAZK+ak009+2023-09/about/>

⁴ <https://study.nazk.gov.ua/courses/course-v1:NAZK+ak010+2023-10/about/>

received certificates) released 2 May 2024;

- developed and implemented comprehensive educational program “**Government Integrity**”. The program includes the following courses:

1) State service integrity⁵ (38 916 people received certificates) released 6 June 2023;

2) Community Integrity⁶ (4 257 people received certificates) released 17 July 2023;

3) Police Integrity⁷ (17 675 people received certificates) released 31 August 2023;

4) judiciary Integrity⁸ (326 people received certificates) released 25 September 2023;

5) lawmakers Integrity⁹ (69 people received certificates) released 24 November 2023.

- training on conflict of interest prevention:

1) training for the State Inspection of Architecture and Urban Planning of Ukraine (100 participants) 6 December 2023;

2) training for representatives of local self-government bodies at the request of Associations of local self-government bodies (30 participants) 13 February 2024;

3) an educational and practical event to increase knowledge in the field of anti-corruption legislation for the local administration of the Economic Security Bureau of Ukraine in Kyiv (50 participants) 13 October 2023.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ restore merit-based recruitment and the selection process, as well as implement job classification as a precondition for comprehensive salary reform

*Information on progress is provided above as part of the answer to the guiding questions: **Is recruitment competitive, based on merit and equal opportunity?** Do selection criteria reflect the experience, knowledge, skills and competencies required for good performance of the job? Do recruitment procedures lead to the*

⁵ <https://study.nazk.gov.ua/courses/course-v1:NAZK+ak007+2023-05/about/>

⁶ <https://study.nazk.gov.ua/courses/course-v1:NAZK+up003+2023-03/about/>

⁷ <https://study.nazk.gov.ua/courses/course-v1:NAZK+ak012+2023-12/about/>

⁸ <https://study.nazk.gov.ua/courses/course-v1:NAZK+ak011+2023-12/about/>

⁹ <https://study.nazk.gov.ua/courses/course-v1:NAZK+ak013+2024-01/about/>

selection of the best ranked candidate in practice?;

Is the **remuneration system** of public servants based on the job classification? Is it fair and transparent? Does public administration as employer offer a competitive package (remuneration, job stability, work conditions)?

→ make progress in the country-wide roll-out of the Human Resources Management Information System

In the field of civil service, to ensure the functioning of a centralised database of civil servants, other employees of the Secretariat of the Cabinet of Ministers of Ukraine, ministries, other central executive bodies, their territorial bodies/divisions, local executive bodies and other government authorities whose employees are covered by the Law of Ukraine “On Civil Service”, as well as to meet the needs for automation and digitalization of processes related to HR management and payroll, a human resource management information system (HRMIS) was created and is being implemented. As of 31 March 2024 762 government authorities (19 ministries, 46 other central-level executive bodies, 2 collegial bodies and 695 territorial bodies) were connected to the HRMIS, and 39 665 employee cards were entered that can work in the System.

ORGANISATION, ACCOUNTABILITY AND OVERSIGHT

Answers to the Guiding Questions

- *Are state structures, institutions and organisation (ministries, agencies, authorities) organised rationally, with clear mandates, without overlap, and with adequate cooperation and coordination mechanisms horizontally, and across territorial boundaries (national- regional- local). Do capacities and resources match institutional responsibilities, allowing for quality delivery of policies and services? (see also section on local government under Democratic Institutions).*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *Are lines of accountability between ministries and sub-ordinate bodies clearly established and formally regulated? Do clear lines of accountability exist within all state administration bodies, including delegation of responsibilities to middle management? (Link to Chapter 32)*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *Does government reporting allow public scrutiny over government work? If monitoring reports are published, are they easily understandable to the public? What is the quality of parliamentary scrutiny over government work? (see also guiding questions on democratic institutions)*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *Is simplification of administrative procedures ensured in the legal framework, limiting unnecessary and burdensome regulations to the minimum? Is it systematically implemented?*

In June 2022, the President of Ukraine signed the Law of Ukraine “On Administrative Procedure” (hereinafter referred to as the "LAP"), which introduces the unification of administrative procedures in various sectors and areas in accordance with the practices of EU Member States.

In order to bring Ukrainian legislation in line with the requirements of the new LAP, the Government has submitted to the Parliament the draft Law of Ukraine Reg. No. 10161 of 18 October 2023 "On Amendments to Certain Legislative Acts in Connection with the Adoption of the Law of Ukraine "On Administrative Procedure" which provides for the introduction of relevant amendments to more than 120 legislative acts of Ukraine.

On 20 December 2023 the Verkhovna Rada of Ukraine adopted the draft of the Law of Ukraine "On Amendments to Certain Legislative Acts in Connection with the Adoption of the Law of Ukraine Reg. No. 10161 of 18 October 2023 "On Administrative Procedure" in the first reading as a basis with further revision..

The adoption of Draft Law No. 10161 by the Verkhovna Rada of Ukraine will bring a large number of Ukrainian laws in line with the provisions of the LAP and, accordingly, unify and simplify administrative procedures in various areas of public administration that are governed by special legislation and/or have their own peculiarities.

At the same time, in accordance with paragraph 3 of Chapter IX of the Final and Transitional Provisions of the LAP, it is established that until legislative acts are brought into compliance with this Law, they shall be applied to the extent that they do not contradict the principles of this Law.

Thus, it is through compliance with the principles set forth in the LAP that administrative procedures are simplified, in particular, through compliance with the principles set forth in the LAP:

- **the principle of timeliness and reasonable time**, which stipulates that an administrative body shall consider and resolve a case, as well as perform a procedural action and/or make a procedural decision within a reasonable time (within the shortest time period sufficient for administrative proceedings), but not later than the deadlines established by law, resolve the case in a timely manner, namely before the circumstances arise, under which the adoption of an administrative act may lose its relevance; organizes the consideration and resolution of cases within its competence with the least cost of funds and other resources, in a simple and effective manner.

- **the principle of presumption of legitimacy of actions and claims of a person**, which means that doubts about the legitimacy of actions and claims of a person arising from ambiguous (multiple) interpretation of a legal provision should be interpreted by the administrative body in favor of their legitimacy.

- **the principle of formality**, which regulates that the administrative body is obliged to establish the circumstances relevant to the resolution of the case and, if necessary, collect documents and other evidence on its own initiative, including without involving a person, to request documents and information, obtain approvals and conclusions necessary for the resolution of the case. An administrative body may not oblige a person to obtain documents and other evidence necessary for administrative proceedings on its own, unless such an obligation is determined by law, and may not require a person to provide documents and information in the possession of an administrative body or other public authority, authority of the Autonomous Republic of Crimea, local self-government body, enterprise, institution or organization that belongs to the management of such body.

• *Is public administration effectively scrutinized by independent oversight bodies (Ombudsperson, Supreme Audit institution)? Are the SAI and Ombudsman's recommendations implemented systematically?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Is the citizens' right to access public information regulated and consistently applied? Is there an open government/open data agenda, and what is its quality?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Is the citizens' right to good administration ensured in administrative procedures and judicial review, including fair treatment in cases of administrative disputes in a reasonable time?*

The principles of administrative procedure, such as timeliness and reasonable time, and the guarantee of effective remedies, apply to bringing legislation into line with the LAP.

These principles regulate that the administrative body shall consider and resolve the case, as well as perform a procedural action and/or make a procedural decision within a reasonable time (within the shortest time sufficient for the administrative proceedings), but not later than the deadlines specified by law, resolve the case in a timely manner, namely before the circumstances under which the adoption of an administrative act may become irrelevant (Article 13 of the LAP).

A person shall have the right to appeal against decisions, actions or inactions of an administrative body through administrative appeal in accordance with this Law and/or in court.

An administrative body is obliged to inform a person of the method, procedure and time limit for appealing against an administrative act that adversely affects a person's right, freedom or legitimate interest (Article 18 of the LAP).

Article 28 of the LAP also discloses, in particular, the rights of persons in administrative proceedings, namely to participate in administrative proceedings (in person or through a representative), to receive explanations, to be informed of the date and place of the hearing, to get acquainted with the case file, to make copies and extracts from such materials, to provide evidence, the right to be heard before the authority may adopt an act that is negative for the person, etc.

Section VI. "Administrative Appeals" of the LAP regulates in detail the issue of a person's right to an administrative appeal and guarantees the right to appeal against the decision of an administrative body to a court.

Also, the issue of judicial control over the enforcement of court decisions in

administrative cases is regulated by Articles 287 and 382 of the Code of Administrative Procedure of Ukraine. At the same time, the Verkhovna Rada Committee on Legal Policy (hereinafter referred to as the “Committee”), in cooperation with the Ministry of Justice developed a draft Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine on Improving Provisions on Judicial Review”, which was registered on the website of the Verkhovna Rada of Ukraine on 06 July 2023 under No. 9462 (hereinafter referred to as Draft Law No. 9462). At its meeting on 18 August 2023, the Committee decided to recommend to the Verkhovna Rada of Ukraine to include Draft Law No. 9462 in the agenda of the ninth session of the Verkhovna Rada of Ukraine of the ninth convocation and, following its consideration in the first reading, to adopt it as a basis.

• Do public authorities assume liability in cases of wrongdoing and ensure the citizens' right to seek compensation?

Pursuant to the provisions of the LAP, a person, exercising his or her right to administrative appeal under this Law, depending on the circumstances of the case, may demand that the administrative body take the necessary actions to restore the violated right, freedom or legitimate interest of the person, as well as to eliminate negative consequences and compensate for material damage.

Thus, the subject of the complaint review, in accordance with its competence, may decide, in particular, to oblige the administrative body to eliminate the negative consequences, compensate for material damage caused by an unlawful administrative act, action or inaction of the administrative body, in accordance with the procedure established by law.

The LAP stipulates that a lawful administrative act may be revoked to the detriment of a person if, in particular, the revocation is based on public necessity, provided that the person is compensated for damages in full and in advance on the basis and in accordance with the procedure established by law.

If, taking into account the overriding public interest, an unlawful administrative act is declared invalid to the detriment of a person, such person shall be compensated for the losses incurred, taking into account the legitimate interest (trust) of the person in preserving the validity of the administrative act.

Losses or expenses incurred by a person as a result of the revocation or recognition of an administrative act as invalid, void or unlawful shall be reimbursed to such person in full by the administrative body in the manner prescribed by law, unless the administrative act is revoked or recognised as invalid, void or unlawful through the fault of the person, as a result of the person's failure to fulfil an obligation under the law or as a result of the person's commission of an administrative and/or criminal offence (Article 78(2)(6), Article 85(1)(5), Article 88(3)(4), Article 89(5), Article 91(2) of the LAP).

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ ensure timely alignment of existing legislation with the Law on administrative procedures in all sectors covered by its scope

*Information on progress is provided above as part of the answer to the guiding questions: Is **simplification of administrative procedures** ensured in the legal framework, limiting unnecessary and burdensome regulations to the minimum? Is it systematically implemented?*

SERVICE DELIVERY TO CITIZENS AND BUSINESSES

Answers to the Guiding Questions

● *Is there an effective policy and quality assurance mechanisms in place for a user-centric service delivery, including for administrative simplification and e-services?*

Despite the full-scale war, the Single State Web Portal of Electronic Services (Diia Portal), enables access to the most popular electronic public services (a total of more than 115 electronic public services by the end of 2023). Electronic public services are also available in the mobile application of the Single State Web Portal of Electronic Services (Diia App) (41 services) as well as on other web resources of public authorities. About 1 million users joined the Diia App last year. In total, the Diia Portal is used by more than 20 million users. 22 electronic public services have been launched, including 14 Diia App, which are relevant under martial law, including restoration, map of invincibility points, housing certificates for payment of destroyed property, replacement of a driving licence with delivery, grants for veterans and their families, obtaining qualification documents for sailors, criminal record extracts, automatic closure of a sole proprietorship, and others.

According to the results of the survey "Opinions and Views of the Ukrainian Population on State Electronic Services in 2023", conducted by the Kyiv International Institute of Sociology (KIIS) in September-October 2023 at the request of the United Nations Development Programme (UNDP) in Ukraine within the framework of the international technical assistance project "Digital, Inclusive, Accessible: Support to the Digitalisation of Public Services in Ukraine (DIA Support)", implemented with the financial support of the Government of the Kingdom of Sweden through the Swedish International Development Agency (SIDA), as in 2022, the majority of respondents (2023 - 51%, in 2022 - 52%) reported using the services included in the DIA portal.

In 2023, the development of the network of administrative service centres continued, which currently has more than 4 000 access points to administrative services, and 30 administrative service centres were modernised into Diia.Centres.

In the field of electronic public registers:

Resolution of the Cabinet of Ministers of Ukraine No. 38 of 17 January 2023 "On Amendments to the Resolution of the Cabinet of Ministers of Ukraine No. 606 of 8 September 2016 and Invalidation of Certain Resolutions of the Cabinet of Ministers of Ukraine", which approves a new version of the Regulation on the system of electronic interaction of state electronic information resources "Trembita" (the Trembita system of electronic interaction of state electronic information resources (hereinafter referred to as the Trembita system));

the Draft Law of Ukraine "On Amendments to Certain Legislative Acts of

Ukraine on the Functioning of Public Electronic Registers" registered in the Verkhovna Rada of Ukraine under No. 10340 of 13 December 2023, is aimed at regulating the issue of entering, storing, processing and using the identifier of the basic register - a unique record number in the Unified State Demographic Register;

the Resolution of the Cabinet of Ministers of Ukraine No. 969 of 1 September 2023 "On the Functioning of the Register of Public Electronic Registers", approving the Procedure for Maintaining the Register of Public Electronic Registers, which defines the functionality of the Register of Public Electronic Registers, requirements for its maintenance and administration, the procedure for entering information into the Register of Registers, as well as other issues of its functioning.

Also, in order to develop the Trembita system, the Trembita catalogue was developed and implemented, which ensures the accumulation, recording and display of information on participants in the Trembita system, subjects of electronic interaction, operators, electronic information resources, software interfaces of electronic information resources, services and electronic information interactions.

A subsystem for monitoring access to personal data of the electronic interaction system of state electronic information resources has been developed, which will in the future ensure notification of personal data subjects of the facts of exchange of their personal data by electronic interaction subjects in the course of providing public (electronic public) services and exercising other powers in accordance with their tasks. The Trembita system is currently actively developing and scaling up, with 224 state authorities and organisations already joining the system, 115 electronic information resources connected, 351 electronic interactions built, and more than 4 billion transactions completed.

• *Are administrative services easily accessible, both offline and online, for both citizens and businesses, including for special groups such as people with disabilities, foreigners, senior citizens?*

According to the results of the monitoring of the premises of administrative service centres, taking into account the needs of low-mobility groups, including persons with disabilities, the level of premises of the network of administrative service centres and their territorial units in 2023 increased from 54% to 66%.

In order to further implement web accessibility standards, at the initiative of the Ministry of Digital Transformation, the United Nations Development Programme in Ukraine, in cooperation with the National Assembly of People with Disabilities and with the support of the Government of Sweden, within the framework of the project "Digital, Inclusive, Accessible: Supporting the Digitalisation of Public Services in Ukraine (DIA Support)" and with the support of the Government of Japan within the framework of the project "Promotion of Human Security in Ukraine through Responding to the Multidimensional Crisis Caused by the War", the study "Legislative Regulation of Digital Barrier-Free Environment: Best European Practices" and the study "Use of Assistive Technologies by People with Disabilities" were conducted.

PUBLIC FINANCIAL MANAGEMENT

Answers to the Guiding Questions

● *Is there a PFM reform programme/strategy with a medium-term action plan? Is the programme comprehensive and based on recent diagnostics (mention for example most recent PEFA, PIMA, TADAT and any identified gaps). Does it cover all the relevant PFM sub-systems and issues, including policy-based budgeting (budget preparation), revenue administration and collection, budget execution with cash management, public procurement systems, debt management, public internal financial control, budget inspection, accounting and reporting and external audit?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *If there is a PFM programme, is there a monitoring system in place? What is its quality? Is civil society involved? Are annual monitoring reports published?*

In accordance with the requirements of the Strategy for Public Finance Management System Reform for 2017-2020 and the Strategy for Public Finance Management System Reform for 2022-2025, the Order of the Ministry of Finance No. 1124 of 12 December 2018 (with amendments) established the Sector (inter-agency) Working Group on Development of Public Finance Management System in Ukraine and relevant working subgroups (on budget issues; on organizational capacity issues; on local budget issues; on tax policy issues; on macroeconomic and revenue forecast issues; on customs policy issues; on IT issues; on issues of fiscal risks, liquidity and debt management; on accounting and financial reporting issues; on financial control issues), the personal composition of which is periodically updated (the latest changes were made by the order of the Ministry of Finance No. 554 of 13 October 2023).

The working groups include representatives of ministries and other government agencies, experts from the public, business associations, development partners, etc. At the same time, the composition is regularly updated taking into account personnel changes in the executive authorities and proposals of international development partners, in accordance with the agreements reached with them as part of the launch of the three-tier system of coordination of international technical assistance.

● *If there is no PFM programme, what are the main reforms ongoing on PFM? What is the status of the preparation of a comprehensive PFM reform programme?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***What has been the main progress on PFM reforms over the past year?***

After the outbreak of Russia's full-scale war against Ukraine, the main priority of the PFM system was to maintain macro-financial stability and to ensure financing of defense and social support for the population.

At the same time, despite the military realities, the Ministry of Finance is implementing measures to reform the public finance management system as defined in the Strategy for Public Finance Management System Reform for 2022-2025.

According to the results of 2022-2024, progress has been made in the implementation of the Strategy in many areas, with a clear focus on the EU integration agenda, in particular:

- a. Tax and customs policy***

In 2023, significant progress was made in harmonizing national tax and customs legislation with EU legislation.

To strengthen customs cooperation between the customs administrations of Ukraine and the EU countries, the Agreement between Ukraine and the European Union on Ukraine's participation in the EU Customs Program was ratified (Law of Ukraine No. 3176 of 29 June 2023).

Preconditions have been created for Ukraine to join the international system of automatic exchange of information on financial accounts and the international system of automatic exchange of reports by country for tax purposes in 2024.

The Ministry of Finance has adopted regulations aimed at implementing the CRS standard: The Procedure for Completing and Submitting a Report on Reportable Accounts by Financial Agents in Accordance with the Multilateral Agreement of Competent Authorities on the Automatic Exchange of Information on Financial Accounts (Order of the Ministry of Finance No. 516 of 25 September 2023), the Procedure for Registering and Deregistering Financial Agents that are Reportable Financial Institutions for the Purposes of the CRS Standard (*Order of the Ministry of Finance No. 468 of 30 August 2023*).

The IT and administrative capacity of the State Tax Service, the competent authority of Ukraine, is ensured. In 2023, the development of software for the STS for the purposes of international automatic exchange was completed: the formation and sending of CbC and CRS packages to the CTS portal and the receipt of packages generated for Ukraine from the CTS portal were successfully tested; on June 23, 2023, the certificate of conformity of the CISS for the system "Automatic Exchange of Tax Information" No. 446B was received; the software "Subsystem "Automatic Exchange of Tax Information" as a component of the ICS "International Automatic Exchange of Information" was put into permanent operation (*Order of the State Tax Service of November 23, 2023 No. 979*).

In addition, the Concept for the Functioning of the Tax Risk Management System was developed (Order of the State Tax Service No. 813 of 4 October 2023) and the return to the post-war taxation rules was ensured (Law of Ukraine No. 3219-IX of 30 June 2023).

Ukraine is currently implementing measures to prepare for the transition to NCTS Phase 5, including the introduction of the relevant software: The State Customs Service is implementing a new integration platform "Single Window - UAIS - NCTS", which is a significant achievement in simplifying customs procedures and approximating to European standards, and a test Trader's Portal has been launched.

Also, as part of Ukraine's commitments under the Memorandum of Economic and Financial Policies within the IMF Program, and in order to reform the tax and customs system and improve tax and customs administration procedures, the Government of Ukraine approved the National Revenue Strategy until 2030 (*Resolution of the Cabinet of Ministers of Ukraine No. 1218 of 27 December 2023*).

Detailed further information is provided under Chapter 16 "Taxation" and Chapter 29 "Customs policy".

b. Budget planning and execution

In order to fulfill Ukraine's obligations under the Memorandum of Economic and Financial Policies within the IMF Program, as well as to ensure debt sustainability, the Government of Ukraine approved the Medium-Term Public Debt Management Strategy for 2024-2026 (*Resolution of the Cabinet of Ministers of Ukraine No. 1117 of 27 October 2023*).

In addition, to fulfill the aforementioned obligations of Ukraine, in 2023, amendments to the Budget Code of Ukraine were adopted: to ensure the predictability of budget policy and strengthen debt sustainability (*Law No. 3278-IX of 27 July 2023*); the right of settlement and village councils to make local borrowings and provide local guarantees was regulated (*Law No. 3428-IX of 8 November 2023*).

The Ministry of Finance has developed Methodological Recommendations on the Formation of Budget Programs by Key Spending Units of State Budget Funds (Order of the Ministry of Finance No. 465 of 25 August 2023), which are the basis for reformatting budget programs to deepen their focus on public services and strengthen their connection with public policy goals.

The Ministry of Finance ensured the effective organization of the budget process in the context of high uncertainty caused by the war, which resulted in the approval of the draft Law of Ukraine "On the State Budget of Ukraine for 2024" at a meeting of the Cabinet of Ministers of Ukraine on September 15, 2023 and timely submission to the Verkhovna Rada of Ukraine (Law of Ukraine No. 3460-IX dated November 09, 2023). In order to ensure predictability and consistency in the

implementation of the budget policy, the draft State Budget for 2024 contains information on the forecast of budget indicators for 2025 and 2026, which is available on the website of the Ministry of Finance https://mof.gov.ua/uk/budget_of_2024-698.

In accordance with Article 38 of the Budget Code of Ukraine, information on fiscal risks (including contingent liabilities and quasi-fiscal operations) and their impact on the state budget indicators was submitted to the draft Law of Ukraine On the State Budget of Ukraine for 2024. In addition, the Ministry of Finance has started conducting stress testing of state-owned companies, the results of which are included in the specified information on fiscal risks.

In 2024, the Ministry of Finance began the process of restoring medium-term budget planning: the Ministry of Finance approved an indicative action plan for the preparation of the Budget Declaration for 2025-2027 and the draft State Budget of Ukraine for 2025 (Order of the Ministry of Finance No. 40 of 29 January 2024). In the course of their preparation, a new modern IT system for planning and monitoring the implementation of the state budget is used, which was developed by the Ministry of Finance with the participation of international partners. The new IT system for interaction with budget entities is a single digital tool for communication with the Ministry of Finance in the budget process, which will ensure the exchange of legally significant documents that will be properly stored, verified and consolidated.

c. Financial control and accounting

Measures to further develop the system of public internal financial control continue to be implemented. In particular, a national free voluntary certification of internal auditors was introduced, work continues on the creation of an interactive portal on public internal financial control, the Ministry of Finance conducts training events on internal audit, and work continues to improve the regulatory and methodological support for internal control, implementing best practices and recommendations of international experts in this area.

In the first quarter of 2024, an external assessment of the quality of internal audit at the State Judicial Administration and the Ministry of Reintegration was completed.

In order to strengthen state financial control in the riskiest areas, the Order of the State Audit Service No. 355 of 12 December 2023 approved the Procedure for Determining Risk Indicators for the Formation of Risk-Based Approaches to Planning Public Financial Control Measures by the State Audit Service and its interregional territorial bodies.

In order to implement measures to modernize the public sector accounting system and further harmonize the National Regulations (Standards) on Public Sector Accounting (National Standards of Accounting in Public Sector) with the International Public Sector Accounting Standards (IPSAS), 50% of the National Regulations (Standards) on Public Sector Accounting (NPAS) were updated (10%

progress), which is related to the changes in IPSAS. As part of the EU4PFM Project, the Ministry of Finance continues to update the National Standards of Accounting in Public Sector, and is currently translating IPSAS 45 Property, Plant and Equipment, 46 Valuation, 47 Revenue, 48 Transfer Costs, and 49 Pension Plans.

In order to ensure systematic satisfaction of the needs of public sector entities for highly qualified accounting specialists, in accordance with the special (certificate) training program "Accounting in Public Sector Institutions and Organizations according to National Standards" developed and implemented, 449 people attended the training events. Upon completion of the training, the participants received certificates. In the future, it is planned to introduce training events on a regular basis.

• ***What are the key outstanding issues that will need to be addressed in the coming year? Highlight key weaknesses, providing more detail in areas not covered under chapters 5, 16, 17 and 32, i.e. credibility of the budget, monitoring and management of fiscal risks (esp. from local government, municipalities and state-owned enterprises), cash management, debt management, revenue administration?***

As part of the implementation of the Public Finance Management System Reform Strategy for 2022-2025, the priorities for 2024 are:

- full restoration of medium-term budget planning through the preparation of the Budget Declaration for 2025-2027;

- implementation of the transitional model of public investment management by formulating strategic priorities for public investment and strengthening the capacity to manage investment projects, including the establishment of the Strategic Investment Council, approval of the medium-term plan of priority public investments, etc.

- implementation of the National Revenue Strategy until 2030, including priority measures to improve tax and customs administration procedures.

- development of amendments to tax and customs legislation to fulfill European integration obligations;

- further automation and IT consolidation of information resources of the entities of the public finance management system.

• ***What are the key issues regarding budget transparency based on SIGMA, IMF, Open Budget Initiative etc. assessments?***

An important issue of budget transparency within the framework of cooperation with the IMF is the resumption of medium-term budget planning: in 2024, the Ministry of Finance started working on the development of the Budget Declaration for 2025-2027.

In 2023, Ukraine continued to cooperate with the International Budget Partnership (IBP) to conduct another review of the openness of Ukraine's budget in accordance with the Open Budget Index (OBI) criteria. The OBI experts were provided with answers and comments on the transparency of Ukraine's budget indicators to the OBI 2023 questionnaire by uploading data to the website <http://research.openbudgetsurvey.org>.

The results of the study, including the OBI 2023 ranking of countries by transparency of budget information, are scheduled to be published in May 2024. In the current OBI 2021 ranking, Ukraine ranks 23rd out of 120 countries that participated in the assessment with 65 points.

In order to increase transparency and accountability in public finance management and, in particular, to strengthen the mechanisms of public control over the spending of budget funds by budget managers, Ukraine has created the State budget web portal for citizens (openbudget.gov.ua) and the Single web portal for the use of public funds (spending.gov.ua).

Open-budget was created to publish budget indicators in a convenient format in various analytical sections and to inform citizens about the main goals, objectives and priority areas of budget policy.

Spending is an official public web portal with open data on the use of public funds from the state and local budgets by administrators and recipients of public funds. It provides the public with access to information on the use of public funds by managers and recipients of state and local budgets, state-owned and municipally owned business entities, the Pension Fund of Ukraine and compulsory state social insurance funds.

Both web portals are part of the E-Data public finance open data platform. Access to the information posted on these web portals has been restored since 2024.

• Is the government implementing a strategy to automate key PFM functions and facilitate digital payments? What is the state-of-play of automation in PFM and what are the upcoming priorities?

With regard to the automation of treasury services for budget funds, a positive trend and significant progress in the process of transferring cash management services to electronic form should be noted. Thus, as of 1 January 2024, almost 33 034 managers and recipients of state and local budget funds were actually connected to the "Treasury Client - Treasury" remote service system, which is 94.2% of their total number (35 085 institutions). In addition, in 2023, the software of the remote service system "Treasury Client - Treasury" was amended to adapt to the new format of Ukraine's payment infrastructure (the new generation electronic payment system of the National Bank of Ukraine (EPS-4) based on the international standard ISO 20022), and the possibility of submitting documents in electronic form for transactions with the balance of own revenues as of the beginning of the year was implemented.

The information and analytical platform for electronic verification and monitoring was further improved, in particular by building an automated information exchange (API) with information providers. A service was developed to provide information on decisions made by public payment authorities based on the results of processing recommendations provided by the Ministry of Finance; the information systems of the Ministry of Social Policy, the Pension Fund of Ukraine, and the State Employment Center were integrated with the information and analytical platform of electronic verification and monitoring of the Ministry of Finance to receive preventive verification results at the request of public payment authorities.

At the same time, the level of connection of public payment authorities to the preventive verification service increased to 85%.

As part of the implementation of the National Revenue Strategy until 2030 and in pursuance of the Ukraine Facility Plan for 2024-2027, the Ministry of Finance approved the Long-Term National Strategic Plan for Digital Development, Digital Transformation and Digitalization of the State Customs Service of Ukraine and its territorial units based on the EU Multi-Annual Strategic Plan for Electronic Customs (MASP-C) by Order No. 63 of 9 February 2024.

The priorities in the field of automation are:

- IT-consolidation of information resources of the subjects of the public finance management system;
- creation and implementation of modern digital solutions for tax and customs administration as part of the implementation of the National Revenue Strategy until 2030;
- automation of processes in the field of state internal financial control.

● ***How does PFM reform support the structural reform priorities of the country as defined in the national development strategies and the Economic Reform Programmes (ERPs)? In which areas could PFM reforms contribute more to realising key policy/reform objectives? Highlight the most important PFM reforms as they link to the structural reforms proposed to (at least the three key) socio-economic challenges identified in the ERP, i.e.***

○ ***How does PFM reform support the investment agenda in the country? Does the government implement an action plan to address recommendations from a Public Investment Management Assessment (PIMA)? Is the government actively ensuring that different funding sources are channelled to key projects in a single project pipeline?***

On 22 December 2023, the Government approved the Roadmap for the reform of public investment management. The Ministry of Finance, together with the state and local authorities, is preparing proposals for the developing of an Action Plan for the implementation of this Roadmap, which is planned to be submitted to the

Government by 1 June 2024.

The Roadmap stipulates that at the initial stage, prior to the full legislative regulation of the new public investment management system, the priority areas of public investment for the medium term with the corresponding allocation of funding and project prioritization criteria will be determined in the Budget Declaration for 2025-2027.

In order to identify priority public investment projects that will require financing from the state budget (from all sources, including funds from IFIs and foreign governments) or state support (state guarantees, PPPs, concessions) in 2025-2027, the key spending units provided the Ministry of Finance with concepts of public investment projects. Currently, the Ministry of Economy, the Ministry of Finance and the Ministry of Infrastructure are screening and prioritizing these concepts in accordance with the approaches and criteria defined within the responsibility of each.

In accordance with the recommendations of the European Commission presented in the Ukraine's Report under 2023 EU Enlargement Package on the need to strengthen the role of the Ministry of Finance as a public investment control body, in the Ministry of Finance was established the Public Investment Management Unit (by the Order of the Ministry of Finance No. 128 of 18 March 2024).

○ ***How does revenue administration reform support the fight against informality/ facilitate the integration of businesses and self-employed workers into the formal economy?***

The National Revenue Strategy until 2030 envisages measures aimed at improving tax compliance (in particular, improving the processes of organizing and conducting documentary and factual inspections), reforming the simplified taxation system, introducing rules aimed at combating tax evasion, etc., which will directly or indirectly facilitate the integration of businesses and self-employed workers into the formal economy.

○ ***Which measures under the PFM strategy are most relevant for the implementation of the structural reforms under the key challenge related to human capital and social policies (employment, education, social protection and health)?***

According to the Strategy for Reforming the Public Finance Management System for 2022-2025, approved by the Order of the Cabinet of Ministers of Ukraine No. 1805 of 29 December 2021, the Ministry of Social Policy, along with the Pension Fund of Ukraine analyzes and identifies fiscal risks in the field of pensions in order to identify fiscal risks in advance and take measures to avoid and / or minimize their impact on the budget.

The Ministry of Social Policy is also a co-executor of measures aimed to

improve the efficiency of verification of state payments, develop the system of performance indicators of local budget programs, in particular, the updating of the Standard List of Budget Programs and effective indicators of their implementation for local budgets in the field of „Social protection and social security”, review and approval of updated social standards and norms for the provision of state-guaranteed services in the form of description and expenses. This will have a significant positive impact on the implementation of structural reforms.

○ *Which measures under the PFM strategy are most relevant for the quality of public spending, i.e. spending reviews, fiscal strategy, MTEF, programme budgeting, etc.*

Spending reviews in 5 of the 8 areas defined by the Order of the Cabinet of Ministers of Ukraine No. 580-r of 30 June 2023 "On Conducting State Budget Spending Reviews in Certain Areas in 2023" have been completed. The reports on the results of the spending reviews were submitted to the Cabinet of Ministers of Ukraine and published on the official websites of the respective key spending units. In 3 areas where the reviews have not been completed, the work continues.

On 27 March 2024, the Ministry of Finance submitted to the Cabinet of Ministers of Ukraine a draft decision of the Government on the spending review in 2024.

In 2024, it is planned to conduct spending reviews in 20 areas of activity of 16 key spending units and to ensure the completion of the spending review in the field of social protection of war veterans, which began in 2023.

On 26 March 2024, the Cabinet of Ministers of Ukraine approved a draft law aimed at improving budget planning at the local level. This step is aimed at restoring medium-term planning and adapting budget regulations to meet the current needs of communities and the challenges faced by the country.

The Ministry of Finance ensures regular verification of state payments. In particular, the Ministry of Finance estimates that the results of the verification of the accommodation allowance for internally displaced persons prevented the unlawful allocation of these payments by at least UAH 315 million in one month.

1. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

1.2. Rule of Law and Fundamental Rights

1.2.1. CHAPTER 23 – Judiciary and Fundamental Rights



У К Р А Ї Н А

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Є В Р О П А

FUNCTIONING OF THE JUDICIARY

Answers to the Guiding Questions

1. Strategic documents and budget

● *Does the country have a comprehensive judicial reform strategy/action plan resulting from a wide consultation in place?*

● *Has a thorough analysis of the current state and performance of the sector been prepared as a basis for the Strategy (for example an impact assessment, justice survey or functional review)?*

● *Is it effectively addressing the main shortcomings?*

● *Does it have realistic timelines?*

● *Does it have a logical sequencing of actions?*

● *Does it have responsible bodies/persons that are clearly defined to effectively and proactively coordinate the implementation of the action plan?*

● *Is there a budget for its implementation (ideally individual actions are budgeted)?*

● *Is there a monitoring mechanism in place allowing for a mid-term review and leading to appropriate and binding corrective actions when needed?*

No relevant developments during the reporting period.

2. Management bodies / judicial / prosecutorial council

(add references only if there are reforms introducing institutional novelties)

● *Is there a Judicial and/or Prosecutorial Council or a single/joint High Justice Council (gathering both judges and prosecutors), independent from the executive and the legislative, responsible for managing the justice system/prosecution services, incl. the appointment, promotion and career respectively of judges/prosecutors/both professions?*

The information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

2.1 Composition and selection/dismissal of members

● *Is the single Judicial/Prosecutorial Council of mixed composition (members coming from the judiciary/prosecution service and members not part of it)?*

The information provided by Ukraine as part of 2023 Enlargement Package, the EU Questionnaire on the Application for Membership remains relevant.

• *If a Judicial Council exists, are at least 50 % of the members judges elected by their peers (at all levels)?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *If a Prosecutorial Council exists, are a significant number of its members public prosecutors from all levels elected by their peers?*

A vast majority of the members of the Council of Prosecutors of Ukraine are prosecutors of prosecution offices of all levels. The Article 71 of Law of Ukraine "On Prosecutor's Office" No. 1697-VII (with changes introduced in accordance with Law No. 3509-IX of 08 December 2023) stipulates that the Council of Prosecutors of Ukraine consists of fifteen persons, including: two representatives (prosecutors) from the Office of the Prosecutor General; one representative (prosecutor) from the Specialised Anti-Corruption Prosecutor's Office; five representatives (prosecutors) from regional prosecutor's offices; five representatives (prosecutors) from district prosecutor's offices; two representatives (academics) appointed by the congress of representatives of law schools and research institutions. The Council of Prosecutors of Ukraine is competent if at least eleven members are elected. A prosecutor who holds an administrative position or is a member of the relevant body conducting disciplinary proceedings may not simultaneously be a member of the Council of Prosecutors of Ukraine. The term of office of a member of the Council of Prosecutors of Ukraine is five years without the right to be re-elected.

• *Are the non-judicial members selected in a transparent and merit based manner?*

The information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

• *Is the legislative involved in the nomination/dismissal process of the non-judicial members? If so, do decisions need to be made with a qualified majority?*

The information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

• *Is a system for disciplinary proceedings against members of the Council foreseen by law?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Is a system of verification of assets and conflict of interest for members of the Council foreseen by law?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

2.2. Internal organisation

● *Does the Council decide on its own procedural rules?*

Article 71 of the Law of Ukraine № 1697-VII of 14 October 2014 "On the Prosecutor's Office" stipulates that the procedure of work of the Council of Prosecutors of Ukraine is determined by this Law and the Regulation on the Council of Prosecutors of Ukraine. The members of the Council of Prosecutors of Ukraine elect the Chairman of the Council of Prosecutors of Ukraine, his deputy and the secretary from among their number at the Council's meeting. In accordance with the Law, the Office of the Prosecutor General provides support to the Council of Prosecutors of Ukraine at the expense of the State Budget of Ukraine.

According to part three of Article 73 of the Law of Ukraine № 1697-VII of 14 October 2014 "On the Prosecutor's Office", the procedure of the body conducting disciplinary proceedings, which is the Qualification and Disciplinary Commission of Public Prosecutors, is determined by the regulation adopted by the All-Ukrainian Conference of Prosecutors. Such a regulation was adopted by the All-Ukrainian Conference of Prosecutors on 27 April 2017 (with subsequent amendments). A number of regulatory documents were adopted, in particular, the Procedure for conducting a competition for a vacant or temporarily vacant position of a prosecutor in the procedure of transfer to a higher-level prosecution body, as well as the Regulation on the procedure for passing the qualification exam, the minimum passing score for admission to the next stage of the qualification exam and the assessment methodology, etc.

The other information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

● *Is the Council accountable, i.e. is there an obligation to have reasoned decisions with a right for appeal to a judicial body?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Is the Council working in transparency towards the public (e.g. broadcasting of sessions) and are reports regularly and timely made available online, i.e. through publication on its website?*

The information provided by Ukraine as part of the 2023 Enlargement Package, the EU Questionnaire on the Application for Membership remains relevant.

○ *In case the Minister of Justice is a member of the Judicial Council, does he/she have voting rights, e.g. as regards appointments to management posts? Does he/she take part in deliberations pertaining to appointments or disciplinary matters?*

The information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

○ *Do(es) the Council(s) have its/their own budget and staff and are these sufficient to allow the Judicial/Prosecutorial/Joint Council to effectively perform its/their tasks? Do staff members serve in full or in part time? Are they part of the national civil service?*

The information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

3. Independence and impartiality

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

3.1. Legal guarantees and safeguards

● *Are the fundamental principles of statute for magistrates (including judicial independence) set out in internal norms at the highest level? Are these entrenched in the Constitution and reflected in internal law?*

The information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

● *Do judges enjoy both external and internal independence when deciding an individual case? Does the system guarantee that every judge within the court system, in the context of judicial adjudication, is independent vis-à-vis other judges, also in relation to his/her court president or other (e.g. appellate or superior) courts?*

The information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

● *Do prosecutors enjoy a proper degree of autonomy and external independence when working on an individual case?*

According to Article 15(2) of the Law of Ukraine № 1697-VII of 14 October 2014 "On the Prosecutor's Office", prosecutors in Ukraine have the same status regardless of the place of the prosecutor's office in the system of prosecution of Ukraine or the administrative position held by the prosecutor in the prosecution office.

On December 08, 2023 the President of Ukraine signed the Law of Ukraine № 3509-IX of the «On Amendments to the Criminal Procedure Code of Ukraine and Other Legislative Acts of Ukraine to Strengthen the Independence of the Specialized Anti-Corruption Prosecutor's Office».

Order of the Prosecutor General No. 3 dated January 04, 2024 established the SAPO as a legal entity under public law. By the Order of the Deputy Prosecutor General - Head of the Specialized Anti-Corruption Prosecutor's Office No. 52 dated March 19, 2024, the SAPO as a legal entity under public law became operational effective from March 21, 2024.

The Law 3509-IX of December 08, 2023 stipulates that the staff of the SAPO shall amount to 15% as compared to the staff of the NABU, which was increased from 700 to 1000 persons by the Law 3502-IX of December 08, 2023.

In fact, the adopted Law has strengthened the SAPO's autonomy and independence by improving the selection of the Head of the SAPO and key personnel, determining the level of salaries of prosecutors of the SAPO holding executive positions, increasing the organisational and procedural autonomy of the SAPO and improving the accountability system, creating reliable mechanisms of external and internal scrutiny and discipline. Thus, it is intended to establish an internal control unit in the SAPO and to conduct an external independent evaluation (audit) of the SAPO's performance within the timeframe set by law.

At the same time, there are problematic aspects of the SAPO's continuous and smooth running that have not been resolved by the adopted Law. In particular, Article 14 of the Law of Ukraine "On Operational and Investigative Activity" needs to be revised to specify as follows: "Supervision over the observance of laws during the conduct of search and investigation activities is carried out by prosecutors of the Specialized Anti-Corruption Prosecutor's Office empowered by order of the Deputy Prosecutor General - Head of the Specialized Anti-Corruption Prosecutor's Office".

Detectives of the NABU conduct pre-trial investigations of criminal offences under Articles 191, 206-2, 209, 210, 211, 354 (in cases of officials of public law entities), 364, 366-2, 3663, 368, 3685, 369, 3692, 410 of the Criminal Code of Ukraine, where the criminal offence was committed by a member of the Ukrainian Parliament.

At present, information on MPs is entered into the Unified Register of Pre-trial Investigations on the basis of Article 482-2 of the Criminal Code of Ukraine: "information that may indicate the commitment of a criminal offence by a member of the Parliament of Ukraine shall be entered into the Unified Register of Pre-trial Investigations by the Prosecutor General (person who performs the duties of the

Prosecutor General)".

Given that the Deputy Prosecutor General - Head of the Specialised Anti-Corruption Prosecutor's Office does not have the above mentioned powers, there is a need to legislate a similar right for him/her in order to strengthen procedural and institutional independence.

As for the financial resources of the SAPO, the following should be emphasised. The funds allocated by the Law of Ukraine "On the State Budget for 2024" for the functions of the SAPO are insufficient. The amount of the planned funds was determined by the Government prior to the adoption of Law of Ukraine 3509-IX of December 08, 2023 without taking into account the increase in the SAPO staff and other costs required for independent functioning. Currently, the SAPO is underfunded by approximately UAH 76 million for 2024, which is 37% of the amount of expenditures envisaged for the institution for 2024.

The other information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

● *Do safeguards preventing undue/illegal interference by the executive/the hierarchy exist? In particular:*

○ *Do general instructions by the executive/a superior prosecutor have to be in writing and published in an adequate way?*

○ *If allowed for, do individual instructions by the executive/a superior prosecutor issued to a public prosecutor to prosecute an individual case have to be in writing, reasoned and made transparent in an adequate way?*

○ *Do public prosecutors have the right to submit the instructions issued to them in an individual case to impartial control of their legality by an independent body?*

The information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

● *Does the system foresee the principle of “immovability” of judges and prosecutors? Are there sufficient legal safeguards regarding the transfer of judges or prosecutors without their consent. If such transfers are allowed,*

○ *Who decides on such transfers?*

○ *For which reasons (e.g. organisational, disciplinary)?*

○ *Is an appeal against the decision possible?*

According to Law of Ukraine No. 2128-IX of March 15, 2022, Section XII of the Law of Ukraine "On the Judiciary and Status of Judges" was supplemented by paragraph 56, which temporarily establishes that during the period of emergency or martial law and within 30 days after its cancellation (termination) and in the absence

of the authorised composition of the High Council of Justice, as defined in Article 131 of the Constitution of Ukraine, President of the Supreme Court or a person acting in the capacity of President of the Supreme Court decides on the secondment of a judge to another court of the same level and specialisation and on the early termination of the secondment of judges. In the absence of the authorised composition of the High Qualifications Commission of Judges of Ukraine, such decisions shall be made without the submission of the High Qualifications Commission of Judges of Ukraine. The provisions of the second paragraph of part two of Article 55 of this Law regarding the maximum period of a judge's secondment shall not apply.

A condition for a prosecutor to participate in the competition is that he or she submits an application for transfer and has the relevant length of service as a prosecutor. The competition is conducted by the QDCP. The decisions of the QDCP on competition issues may be appealed to the court in accordance with the procedure provided for by the Code of Administrative Procedure of Ukraine.

• *Are judges and prosecutors appointed permanently until retirement age? Do probation periods exist and if for which length?*

A prosecutor is appointed for an indefinite period of time and may be dismissed from office, and his or her powers in office may be terminated only on the grounds and in the manner prescribed by law. The powers of a prosecutor are terminated upon reaching the age of 65. At the same time, the Law of Ukraine "On the Prosecutor's Office" defines certain administrative positions that are appointed for a certain term. Thus, part four of Article 39 of the Law stipulates that a prosecutor shall be appointed to an administrative position for a term of five years. The term of office of the Prosecutor General is six years. The Law of Ukraine "On the Prosecutor's Office" does not provide for a probationary period when appointing a prosecutor to the position. At the same time, during the selection of candidates for the position of a prosecutor, special training of a prosecutor - trainee of the district prosecutor's office is provided, which includes initial training conducted by the Training Center of Prosecutors of Ukraine for up to 2 months and an internship conducted in the relevant district prosecutor's office for six months.

Other information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Which authorities are responsible for decisions concerning the dismissal of judges/ prosecutors? Are specific grounds for dismissal of judges and prosecutors clearly stipulated by law?*

The decision on dismissal of a judge from the office shall be made by the High Council of Justice in the manner established by the Law of Ukraine "On the High Council of Justice".

The Decision of the National Security and Defense Council of Ukraine of June 23, 2023 "On Accelerating Judicial Reform and Overcoming Corruption in the Justice System", enacted by the Decree of the President of Ukraine of June 30, 2023 No. 359, provides for the task of improving the procedure for electing Supreme Court judges to the Grand Chamber of the Supreme Court and introducing a mechanism for their recall by the assembly of judges of the relevant cassation courts and for the High Council of Justice to check all Supreme Court judges for possible disciplinary offences or gross or systematic neglect of judicial duties, confirmation of the legality of the sources of origin of property. In pursuance of the abovementioned, the Verkhovna Rada of Ukraine is considering the draft laws of Ukraine "On Amendments to the Law of Ukraine "On the Judiciary and Status of Judges" and some other legislative acts of Ukraine on improving the activities of the Grand Chamber of the Supreme Court" (Reg. No. 9643 of August 23, 2023) and "On Amendments to the Law of Ukraine "On the Judiciary and Status of Judges" on improving the activities of the Grand Chamber of the Supreme Court" (Reg. No. 9643-1 of September 07, 2023).

These draft laws propose to amend the Law of Ukraine "On the Judicial System and Status of Judges", which provides for a reduction in the number of judges of the Grand Chamber of the Supreme Court from twenty-one to fourteen judges, of whom twelve judges will be elected by cassation courts, and the Secretary of the Grand Chamber of the Supreme Court - by the Plenum of the Supreme Court. The Chief Justice of the Supreme Court is an ex officio member of the Grand Chamber. These draft laws also provide for the early recall of a Supreme Court judge elected to the Grand Chamber by a meeting of judges of the relevant cassation court.

In addition, Members of the Parliament of Ukraine submitted to the Verkhovna Rada of Ukraine the draft laws of Ukraine "On Amendments to the Law of Ukraine "On the Judiciary and the Status of Judges" regarding the introduction of additional procedures to strengthen public confidence in the judiciary" (Reg. No. 9454 of July 03, 2023) and "On Amendments to the Law of Ukraine "On the Judiciary and the Status of Judges" regarding the introduction of additional procedures to strengthen public confidence in the judiciary" (Reg. No. 9454-1 of July 11, 2023). These draft laws propose to empower the High Council of Justice to monitor the work of the court by checking the proper performance of all judges of the relevant court, the existence of signs of disciplinary offences, the legality of the source of their property in case of serving a notice of suspicion of committing a criminal offence to one of the judges of the relevant court, as well as to provide for the possibility of conducting a psychophysiological examination of a judge using a polygraph. These draft laws also propose to instruct the High Council of Justice to immediately, but not later than 14 days after the entry into force of the Law of Ukraine "On Amendments to the Law of Ukraine "On the Judiciary and the Status of Judges" regarding the introduction of additional procedures to strengthen public confidence in the judiciary," start monitoring the work of the Supreme Court.

The Prosecutor General in accordance with the established procedure, on the basis of a decision of the relevant body to bring a prosecutor to disciplinary

responsibility, decides to apply to a prosecutor of the Office of the Prosecutor General.

Pursuant to Article 11 of the Law, the head of the regional prosecutor's office appoints prosecutors - trainees of district prosecutor's offices; in accordance with the established procedure and on the basis of the decision of the relevant body to bring a prosecutor to disciplinary responsibility, decides on the application of disciplinary measures to a prosecutor of a district prosecutor's office. The head of the district prosecutor's office appoints prosecutors to the positions of heads of departments of district prosecutor's offices and dismisses them from these positions.

Dismissal from the administrative positions of the Deputy Prosecutor General - Head of the Specialized Anti-Corruption Prosecutor's Office, First Deputy of Head of the SAPO, Deputy of Head of the SAPO shall be carried out by the Prosecutor General, and from the administrative positions of Head of the unit of the SAPO and his/her deputy - by the Deputy Prosecutor General - Head of the Specialized Anti-Corruption Prosecutor's Office. Dismissal from such administrative positions shall be carried out exclusively on the grounds provided for in Law of Ukraine "On the Prosecutor's Office", as well as in case of the conclusion of the Evaluation Commission on the inefficiency of the SAPO and improper performance of duties by the Deputy Prosecutor General - Head of the Specialized Anti-Corruption Prosecutor's Office.

In case the relevant body conducting disciplinary proceedings, based on the results of disciplinary proceedings against a prosecutor holding an administrative position, establishes improper performance of duties provided for the respective administrative position, the body conducting disciplinary proceedings, in cases when appointment to such position in accordance with the Law is made upon the recommendation of the Council of Prosecutors of Ukraine, shall initiate before the Council of Prosecutors of Ukraine consideration of the issue of recommendation for dismissal.

A prosecutor may appeal against a decision made as a result of disciplinary proceedings to an administrative court or to the High Council of Justice within one month from the date of delivery or receipt of a copy of the decision by mail (Article 50(1) of the Law). Article 51(1) of the Law sets out the general conditions for dismissal of a prosecutor and termination of his/her powers in office.

Moreover, the powers of a prosecutor, other than the Prosecutor General, in connection with the decision of the relevant body conducting disciplinary proceedings against prosecutors on the impossibility of further holding the position of a prosecutor shall be terminated: from the day following the day of expiry of the term for appealing against this decision - if the decision was not appealed; from the day following the day when the decision of the body to which the decision of the relevant body to bring the prosecutor to disciplinary liability was appealed becomes final - if the decision was appealed but the appeal was rejected (Article 61 of the Law).

The information provided by Ukraine as part of the EU Questionnaire on the

Application for Membership remains relevant.

• *Are the authorities responsible for disciplinary decisions for judges/prosecutors enjoying internal and external autonomy/independence?*

In 2023 the QDCP secretariat registered 1,054 disciplinary complaints about a prosecutor's disciplinary offence. In the first quarter of 2024, 242 disciplinary complaints were registered. In 2023, the members of the QDCP made 173 motivated decisions to initiate disciplinary proceedings, and in the first quarter of 2024 - 30 such decisions. In addition, in 2023, the members of the QDCP made 874 reasoned decisions to refuse to open disciplinary proceedings. In the first quarter of 2024, 217 such decisions were made. Based on the results of disciplinary proceedings in 2023, the QDCP made 215 decisions, including: 119 - on bringing prosecutors to disciplinary responsibility and 96 - on closing disciplinary proceedings. In the first quarter of 2024, the QDCP adopted 42 decisions based on the results of disciplinary proceedings, including: 25 - on bringing prosecutors to disciplinary responsibility and 17 - on closing disciplinary proceedings.

The other information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

• *Can decisions by a disciplinary body be appealed before a Court?*

The possibility of appealing to the court against the decisions of the QDCP based on the results of disciplinary proceedings is provided for in part one of Article 50 of the Law of Ukraine "On the Prosecutor's Office", as well as Articles 5 and 19 of the Code of Administrative Procedure of Ukraine.

The other information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

• *Concerning the allocation of incoming cases within a court*

○ *Is there a case management system in place (existence, scope, and functioning of case management)?*

○ *Are general objective criteria for distributing cases within a court pre-established, thus preventing that the allocation of cases is influenced by the wishes of any party to a case or any person concerned with the results of the case (e.g. law, well-established practice)?*

○ *How are cases allocated (e.g. by court president, by court staff, random allocation, pre-defined order) and which authority supervises the allocation?*

The court operates the Unified Judicial Information and Telecommunication System and/or its separate subsystems (modules), which ensure, in particular, an objective and impartial distribution of criminal proceedings among judges in compliance with the principles of priority and the same number of proceedings for

each judge. At the same time, the specifics of the distribution of criminal proceedings and other procedural documents submitted to the court as provided by law are established by the Regulation on the Unified Judicial Information and Telecommunication System. and/or provisions that determine the procedure for the functioning of its individual subsystems (modules).

The specifics of the distribution of court cases are established by the Regulation on the Unified Judicial Information and Telecommunication System and/or provisions defining the procedure for the functioning of its individual subsystems (modules), which was approved by the High Council of Justice upon submission of the State Judicial Administration of Ukraine and consultation with the Council of Judges of Ukraine. The system ensures the appointment of a judge and, in the case of a collegial trial, a rapporteur judge to hear a particular case, as well as in other cases, the appointment of a court at any stage of the trial, taking into account the specialisation and equal workload for each judge, on a random basis and in the chronological order of receipt of cases.

The other information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

- ***Concerning the withdrawal and recusal of judges/prosecutors***

- ***Can cases be taken away from judges and if so, by whom and under which circumstances?***

- ***Can judges be subject to sanctions if they disrespect the obligation to withdraw from adjudicating a case in which their impartiality is in question or is compromised or where there is a reasonable perception of bias?***

- ***Can superior prosecutors assume the handling of a case originally assigned to an inferior prosecutor and if so, under which conditions?***

The possibility for removal of a judge, court registrar, expert, specialist, interpreter, participation in the case at the request of a party, prosecutor (or on the initiative of the disqualified person - self-recusal) in the presence of circumstances, provided for by procedural law, that raise doubts about their impartiality is foreseen in all judicial procedural codes, except for the Code of Administrative Offences. If withdrawal and recusal is granted, the judge is replaced by the court's automated document management system on the basis of the decision to recuse (disqualify) in accordance with the procedure specified in the Regulations. Thus, the institute of recusal is one of the court's tools to ensure an impartial trial. After all, the adoption of a lawful and fair court decision is at stake, and one of the grounds for its cancellation is the adoption of a court decision by an unlawful composition of the court.

In cases where the judge(s) cannot continue consideration of the case in the events envisaged by legislation, unresolved court cases are transferred for repeated automated distribution upon a reasoned order of the chief of staff of the respective

court (or person performing his/her duties), which is attached to the case file. In addition, cases are transferred for consideration by another court if after satisfaction of challenges of recusal (self-recusal) or for other reasons, it is impossible to form a new court to consider the case, the court that considered the case has been liquidated or terminated for reasons determined by law.

- *Concerning threats against the independence of a judge*
 - *Are there legal dispositions providing for sanctions against persons seeking to influence judges in any undue manner?*
 - *Which authorities can act in specific procedures for protecting judicial independence when judges consider that their independence is threatened?*
 - *Which measures can be taken in this case?*
- *Issuing a formal declaration/press release?*
- *Filing of complaint/notifying an authority?*
- *Sanctions against persons seeking to influence judges in an improper manner?*
 - *Possible reaction by the Prosecution Service?*
 - *Possible reaction by the Supreme Court?*
 - *Possible reaction by the Judicial Council or judicial inspection?*

The independence of judges is a constitutional principle of the organisation and functioning of courts, and it is ensured, in particular, by a special procedure for bringing judges to disciplinary responsibility; the level of guarantees of independence and immunity of judges may not be reduced in the event of the adoption of new laws or amendments to existing laws.

As stated by the ECHR in the judgement of Oleksandr Volkov v. Ukraine, and observance of guarantees of independence and immunity of judges, it should be noted that the Grand Chamber of the Supreme Court, in determining the limits of the court's review of the legality of the HCJ decision, has formed a stable position and adheres to it. According to this position, when providing a legal assessment of the HCJ's decision, the court has full jurisdiction, which is not limited to finding out whether there are formal grounds for setting aside such a decision as defined by Law of Ukraine "On the High Council of Justice". The court must also thoroughly investigate whether the HCJ complied with the requirements of the law regarding the reasoning of such a decision when making a disputed decision. While the Supreme Court's assessment of the HCJ's motives and reasoning for the contested decision is not an interference with its discretionary powers, the opportunity to challenge the decision on the merits is an important safeguard of judicial independence and the independence of the judiciary as a whole.

In 2023, the Supreme Court prepared and published a digest of the case law of the Grand Chamber of the Supreme Court in cases of appealing against decisions, actions, and inaction of the HCJ (decisions entered into the USRCD as of June 30,

2023) - <https://is.gd/o3JsIu>. The Digest provides an insight into the main legal approaches of the Grand Chamber of the Supreme Court to resolving problematic issues that arise when bringing a judge or prosecutor to disciplinary responsibility etc.

The decision of the Disciplinary Chamber of the High Council of Justice may be appealed to the High Council of Justice (HCJ). A HCJ decision made as a result of consideration of an appeal against a decision of the HCJ Disciplinary Chamber may be appealed to the Grand Chamber of the Supreme Court.

Other information provided by Ukraine as part of the 2023 Enlargement Package, the EU Questionnaire on the Application for Membership remains relevant.

3.2 Perceived independence¹⁰

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

4. Accountability/ ethics

• *Is there a code of ethics for judges, prosecutors and lawyers or defined standards of conduct? May a breach lead to the removal from office or disciplinary sanctions? Is there a mechanism in place to monitor compliance with the Codes?*

The law provides that prosecutors are obliged to improve their professional level and upgrade their qualifications for this purpose. The prosecutor shall periodically undergo training at the Training Center of Prosecutors of Ukraine, which shall include the study of the rules of prosecutorial ethics. The Training Center of Prosecutors of Ukraine is a state institution that provides advanced training for prosecutors, civil servants of the prosecution authorities and initial training for prosecutors - trainees of district prosecutor's offices. It is located within the Office of the Prosecutor General and may have regional branches.

On April 27, 2017, the All-Ukrainian Conference of Prosecutors approved the Code of Professional Ethics and Conduct of Prosecutors, as well as amendments thereto dated December 21, 2018, August 28, 2021, and February 28, 2023. In addition, on November 23, 2022, the Council of Prosecutors of Ukraine approved the Commentary to the Code, which contains explanations of the provisions of the Code, situational (illustrative) examples, taking into account the results of its

¹⁰ According to the regional justice survey project with the World Bank. Alternatively WEF indicator – It is based on survey answers to the question: "To what extent is the judiciary in your country independent from the influences of members of government, citizens, or firms?" The survey was replied to by a representative sample of firms in all countries representing the main sectors of the economy (agriculture, manufacturing industry, non- manufacturing industry, and services). The administration of the survey took different formats, including face-to-face interviews with business executives, telephone interviews and mailings, with an online survey as an alternative. Available at: <http://www.weforum.org/reports/global-competitiveness-report-2013-2014>)

practical application, the activities of the QDCP and court practice.

In 2023 a distance course for judges «Integrity of the judiciary» was held. It was developed jointly with the National Agency on Corruption Prevention (NACP) and posted on the NACP web-platform. Judges and court staff can participate and complete the course at any convenient time, thereby receiving the corresponding certificate.

The grounds for bringing a prosecutor to disciplinary liability include, *inter alia*, committing actions that discredit the title of prosecutor and cast doubt on his/her objectivity, impartiality and independence or on the integrity and incorruptibility of the prosecution authorities; systematic (two or more times within one year) or one-time gross violation of the rules of prosecutorial ethics. In the course of disciplinary proceedings, the QDCP may decide that there are grounds for the prosecutor's removal from office. Anyone who has knowledge of such facts has the right to file a disciplinary complaint against a prosecutor with the relevant body conducting disciplinary proceedings against prosecutors. A recommended sample of a disciplinary complaint is available on the website of the Office of the Prosecutor General.

Other information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Is integrity training part of the curriculum for initial training?***

The principles of integrity, exemplary behaviour and discipline are enshrined in the relevant Code among the basic principles of professional ethics and behaviour of prosecutors. In accordance with the program of initial training of prosecutors - trainees of the district prosecutor's office, all (66) prosecutors-trainees of the district prosecutor's offices were trained in the Training Center of Prosecutors of Ukraine in 2023 on the rules of prosecutorial ethics and compliance with anti-corruption legislation.

The other information provided by Ukraine as part of 2023 Enlargement Package, the EU Questionnaire on the Application for Membership remains relevant.

- ***Is integrity a criteria in the initial selection and nomination process, including for senior positions?***

Pursuant to Article 39(5) of the Law of Ukraine "On the Prosecutor's Office", when deciding on recommendations for appointment to an administrative position, the Council of Prosecutors of Ukraine takes into account the professional, moral and business qualities of the candidate, as well as his or her managerial and organisational skills and work experience.

The other information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

• *Are the Judicial/Prosecutorial Council(s) or a different independent inspection authority responsible for decisions on disciplinary and ethical matters? Does the Ministry of Justice play a role here? Who may initiate disciplinary proceedings? Who investigates? Is there a right to appeal?*

On September 17, 2023, the Law of Ukraine "On Amendments to Certain Laws of Ukraine on Immediate Resumption of Consideration of Cases Concerning Disciplinary Liability of Judges" of August 9, 2023 No. 3304-IX (hereinafter – Law No. 3304-IX), which becomes effective after entering into force of the Law of Ukraine “On making amendments to the Law of Ukraine “On the Judiciary and the Status of Judges” and certain laws of Ukraine regarding the change of status and the formation procedure of the Service of Disciplinary Inspectors of the High Council of Justice”.

The Law provides that temporarily, for seven years from the date of entry into force, the competition for the position of the Head of the Service of Disciplinary Inspectors and his/her deputy, will be held by a competition commission formed by the High Council of Justice (HCJ). The HCJ shall form a competition commission consisting of six persons, three of whom shall be appointed by the HCJ upon proposals of international and foreign organisations that, in accordance with international or interstate agreements, have been providing Ukraine with international technical assistance in the field of judicial reform and/or prevention and counteraction to corruption for the last three years. Such international and foreign organisations shall agree on a joint proposal. A member of the HCJ may be appointed as a member of the competition commission. The competition for the position of the Head of the Service of Disciplinary Inspectors of the High Council of Justice and his/her deputy, disciplinary inspectors of the HCJ shall be announced by the HCJ within two months from the date of entry into force of the said Law. Pursuant to the above, on December 19, 2023, the HCJ announced a competition for the position of the Head of the Service of Disciplinary Inspectors and his/her deputy, a disciplinary inspector.

Until February 14, 2024 the HCJ accepted documents for the above positions. A total of 415 candidates submitted documents for participation in the competition. On April 02, 2024 a meeting of the competition commission for the competition for the position of the Head of the Service of Disciplinary Inspectors and his deputy, a disciplinary inspector was held, which resulted in the approval of the Procedure for the competition for the position of the Head of the Service of Disciplinary Inspectors and his deputy, a disciplinary inspector and amendments to the Rules of Procedure of the Competition Commission for the competition for the position of the Head of the Service of Disciplinary Inspectors and his deputy, a disciplinary inspector.

By the decision of the HCJ No. 1068/0/15-23 dated November 23, 2023 the Rules of Procedure of the HCJ, approved by the decision of the HCJ No. 52/0/15-17 dated January 24, 2017 were set out in a new version and, in particular, the criteria for the priority of consideration of disciplinary complaints were determined.

On October 19, 2023 the HCJ made a decision No. 997/0/15-23 to restore from November 1, 2023 the distribution among the members of the HCJ of complaints regarding judge's disciplinary misdemeanour (disciplinary complaints), filed under the Law of Ukraine "On the Judiciary and the Status of Justice", as well as complaints on decisions regarding bringing judge or prosecutor to disciplinary liability, the distribution of which was terminated by the decision of the HCJ of August 5, 2021 No. 1809/0/15-21.

Since November 1, 2023 a total of 14,004 complaints on disciplinary misconduct of a judge have been distributed. According to Law No. 3304-IX, Chapter III "Final and transitional provisions" of the Law of Ukraine "On the High Council of Justice" was supplemented with item 23⁷, which determines that temporarily, until the day of starting of work of the service of disciplinary inspectors of the HCJ, the powers of a disciplinary inspector are exercised by a member of the Disciplinary Chamber (rapporteur) determined by the automated case distribution system.

The Law of Ukraine "On the High Council of Justice" provides that to consider cases regarding the disciplinary liability of judges, the HCJ shall establish Disciplinary Chambers from among the members of the HCJ. Each Disciplinary Chamber shall consist of at least four members of the HCJ. When forming the Disciplinary Chambers, the HCJ shall ensure that at least half, and if this is not possible, at least a significant part of the members of each Disciplinary Chamber are judges or retired judges. On December 30, 2023, the Law of Ukraine of December 9, 2023, No. 3511-IX "On making amendments to the Law of Ukraine "On the Judiciary and the Status of Judges" and certain legal acts of Ukraine regarding improving judicial career procedures" (hereinafter – Law No. 3511-IX) entered into force, which set part four of Article 34 of the Law of Ukraine "On the High Council of Justice" in the new wording, which states that decisions of the HCJ and its bodies are made by open roll-call vote unless otherwise provided by this Law.

The Qualification and Disciplinary Commission of Public Prosecutors (QDCP) is a legal entity in the justice system that is not part of the prosecution system of Ukraine and does not belong to the executive and legislative branches. The procedure for the functioning of the QDCP is determined by a regulation adopted by the All-Ukrainian Conference of Prosecutors.

According to the Law of Ukraine "On the Prosecutor's Office", the QDCP is composed of 11 members that are citizens of Ukraine, have a higher legal education and at least 10 years of experience in the field of law, of whom 5 prosecutors are appointed by the all-Ukrainian conference of prosecutors; 2 persons (academics) are appointed by the congress of representatives of law schools and research institutions; 1 person (lawyer) is appointed by the congress of lawyers of Ukraine; and 3 persons are appointed by the Ukrainian Parliament Commissioner for Human Rights in agreement with the committee of the Verkhovna Rada of Ukraine responsible for the organisation and operation of the prosecution authorities.

The QDCP is obliged to make reasoned decisions that can be appealed in court.

In accordance with part five of Article 78 of the Law of Ukraine "On the Prosecutor's Office", paragraph seven of the Regulation on the Procedure of the relevant body conducting disciplinary proceedings, the meetings of the QDCP are held openly and publicly, which is among the main principles of its activities.

Paragraph 39 of the Regulation on the Procedure of the relevant body conducting disciplinary proceedings stipulates that the QDCP meeting to consider issues related to the selection of candidates for the position of prosecutor and transfer to a higher-level prosecution body shall be broadcast in real time.

Transfer to a higher-level prosecutor's office is based on the results of a competition, the procedure for which is determined by the QDCP. The competition shall include assessment of the prosecutor's professional level, experience, moral and business qualities and verification of his/her readiness to exercise powers in another prosecution body, including a higher level one.

Pursuant to the Law of Ukraine "On the Prosecutor's Office", a prosecutor may appeal a decision made as a result of disciplinary proceedings to an administrative court or to the HCJ within one month from the date of delivery or receipt of a copy of the decision by mail. In addition, a person who has filed a disciplinary complaint about a disciplinary offence committed by a prosecutor has the right to appeal the decision of the QDCP to the HCJ if the QDCP has authorised such an appeal. Pursuant to Articles 5 and 245 of the Code of Administrative Procedure of Ukraine, if the claim is satisfied, the decision of the QDCP in disciplinary proceedings may be recognized by the court as unlawful and cancelled. The Law of Ukraine "On the Prosecutor's Office" defines the grounds for termination of powers of a member of the QDCP, including: committing actions incompatible with the position of a member of the QDCP. The Law of Ukraine "On the Prosecutor's Office" does not define the circle of persons who may initiate the issue of termination of powers of a member of the QDCP on this ground. According to part two of Article 76 of the Law of Ukraine "On the Prosecutor's Office", the powers of a member of the QDCP are terminated on this ground by a decision of the QDCP. The Law of Ukraine "On the Prosecutor's Office" does not provide for a specific role of the Ministry of Justice in this process. The right to appeal against the decisions of the QDCP is provided for in Articles 5 and 19 of the Code of Administrative Procedure of Ukraine.

• Are judges and prosecutors obliged to declare their assets? Which body is responsible for focusing on these assets and what are its findings? Are these declarations cross checked with other information and are they under the obligation to report on possible conflicts of interest?

On October 12, 2023, the Law of Ukraine No. 3384-IX "On making amendments to certain laws of Ukraine on determining the procedure for submitting declarations of persons authorised to perform state or local government functions under martial law" (hereinafter – Law No. 3384-IX) entered into force. In particular, Chapter XIII "Final provisions" of the Law of Ukraine "On corruption prevention" was supplemented with point 2⁷, which determines that persons who in 2022-2023

did not submit a declaration of a person authorised to perform state or local government functions in accordance with Article 45 of this Law, and the deadline for which came before the entry into force of Law No. 3384-IX, shall submit such declarations no later than January 31, 2024. It is also established that from the date of entry into force of Law No. 3384-IX, the implementation of financial control measures provided in Chapter VII of this Law (including the submission of declarations of persons authorised to perform state or local government functions) shall be restored in full and carried out in accordance with the procedure and terms specified by this Law.

The NACP conducts the following types of control over declarations submitted, *inter alia*, by judges and prosecutors: (1) timeliness of submission, (2) correctness and completeness of filling in the declaration; and (3) logical and arithmetic control.

The procedure for conducting the types of control is determined by the NACP. The judges and prosecutors are obliged, *inter alia*, to take measures to prevent real or potential conflicts of interest; notify no later than the next working day from the moment when the person learned or should have learned about the existence of a real or potential conflict of interest to his/her direct supervisor, and in case of holding a position that does not provide for the presence of a direct supervisor or in a collegial body - to the National Agency or other body determined by law or a collegial body, in the exercise of which the conflict of interest arose, respectively, not to take actions or make decisions in the conditions of a real conflict of interest, take measures to resolve a real or potential conflict of interest.

The requirements of the Law of Ukraine "On Prevention of Corruption" apply to all prosecutors.

Other information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *How can a decision by a prosecutor not to prosecute be challenged, in particular in cases where there is no obvious victim apart from the public interest?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

5. Professionalism and competence

• *Is the system for the recruitment, selection, appointment, transfer and dismissal of judges and prosecutors independent of any political influence?*

According to paragraph 6 of part one of Article 3 of the Law of Ukraine "On the Prosecutor's Office", the activity of the prosecutor's office is based on the principles of political neutrality of the prosecutor's office. The selection of candidates for the position of a district prosecutor and their transfer to a higher-level prosecutorial body is independent of political influence.

The procedure for selecting candidates for the position of a district prosecutor is set out in Articles 29-33(3) of the Law of Ukraine "On the Prosecutor's Office". Pursuant to Article 38 of the Law of Ukraine "On the Prosecutor's Office", the QDCP's decision No. 13zp-21 of 26 October 2021 (as amended) approved the Procedure for holding a competition for a vacant or temporarily vacant prosecutor's position in the procedure of transfer to a higher-level prosecutor's office. These procedures are carried out by the QDCP, which is a legal entity and does not belong to the executive and legislative branches of power.

In addition to the stages outlined in the EU Questionnaire, the selection the appointment of the candidates includes completion of special training by the prosecutor-intern of the district prosecutor's office; appointment of a prosecutor-trainee of the district prosecutor's office who has successfully completed the special training to the position of a prosecutor of the district prosecutor's office.

In its latest report (March 2023), GRECO positively assessed the introduction of new selection rules, detailed regulation of the qualification exam and concluded that recommendation XXIV (on the introduction of more detailed regulation of the promotion/career development of prosecutors to ensure unified, transparent procedures based on clear and objective criteria, including the candidate's previous achievements, and the adoption of reasonable and appealable decisions within these procedures) had been implemented.

At the same time, according to part one of Article 40 of the Law of Ukraine "On the Prosecutor's Office", the Prosecutor General is appointed by the President of Ukraine with the consent of the Verkhovna Rada of Ukraine.

Other information provided by Ukraine as part of the 2023 Enlargement Package and the EU Questionnaire on the Application for Membership remains relevant.

• *Is the recruitment process for judges and public prosecutors fair, transparent and merit-based as well as transparent in terms of public scrutiny?*

On December 09, 2023 the Verkhovna Rada of Ukraine adopted Law of Ukraine No. 3511-IX "On Amendments to the Law of Ukraine "On the Judiciary and the Status of Judges" and Certain Legislative Acts of Ukraine on Improving the Procedures for Judicial Career", which entered into force on December 30, 2023. The Law provides for, *inter alia*, reduction of the stages of selection and competition procedures, changes in the formation procedure, establishment of peculiarities of completion of selection and competition procedures initiated by the previous composition of the High Qualification Commission of Judges of Ukraine, etc. By the decision of the High Qualification Commission of Judges of Ukraine No. 72/zp24 dated February 29, 2024 the Regulation on Competitive Selection for a Vacant Judicial Position, approved by the decision of the High Qualification Commission of Judges of Ukraine No. 141/zp-16 dated November 02, 2016 (as amended), was set out in a new version and brought in line with the provisions of

the Law of Ukraine "On the Judiciary and the Status of Judges".

Pursuant to the legislative changes, the QDCP adopted amendments to the regulatory documents relating to the selection of candidates for the position of district prosecutor and the qualification exam. The qualification exam is aimed at identifying the level of theoretical knowledge in the field of law, European standards in the field of human rights protection, general abilities of candidates and available practical skills necessary for work as a prosecutor. In addition, the selection includes a competition for appointment as a trainee prosecutor of the district prosecutor's office based on the rating of candidates. The decision to select candidates for the position of a prosecutor, the list of candidates who have successfully passed the qualification exam, as well as other decisions of the QDCP are published on its official website.

In the first half of 2023, the QDCP successfully completed two competitions to fill 27 vacant prosecutor positions by transfer to the Office of the Prosecutor General. In June 2023, the QDCP announced another competition to fill 58 vacant and temporarily vacant prosecutor positions by transfer to the Office of the Prosecutor General, which was also successfully completed.

In early April 2023, the QDCP began selecting candidates for 200 positions of district prosecutors. Documents were received from 1778 people who expressed a desire to become prosecutors, of whom 1218 were admitted to the qualification exam, and 550 were denied. Candidates for the position of prosecutor passed the qualification exam. In September 2023, the QDCP approved the results of the qualification exam and the list of candidates who successfully passed the qualification exam.

Currently, a special vetting of candidates for the position of a district prosecutor is underway. After reviewing the information on the integrity of the candidates for the position of a district prosecutor, the QDCP decided to refuse to enrol 4 candidates in the reserve for filling vacant positions of district prosecutors.

In July 2023, the QDCP held a competition for the appointment of trainee prosecutors of the District Prosecutor's Office as part of the selection of candidates for the position of prosecutor, which began in 2022. According to the results of the competition, 66 candidates took the position and won the competition. The trainee prosecutors have completed their initial training at the Training Center of the Prosecutors and are now undergoing internships at the respective district prosecutor's offices.

In total, in 2023, the QDCP made 676 decisions on the selection of candidates for the position of prosecutor and 96 decisions on transfer to a higher-level prosecutor's office. In the first quarter of 2024, the QDCP made 6 decisions on selection and 16 decisions on transfer.

• *Is the selection process based on objective, non-discriminatory criteria (pertaining in particular to qualifications, integrity, ability and efficiency) and open to all suitably qualified candidates (national competition)?*

Anyone who meets the established requirements for a candidate for the position of a prosecutor has the right to apply to the QDCP with an application for participation in the selection of candidates for the position of a prosecutor. Based on the results of the selection, a citizen of Ukraine with a higher legal education and proficiency in the state language in accordance with the level determined by the National Commission on State Language Standards may be appointed as a prosecutor of the district prosecutor's office (including a prosecutor-intern of the district prosecutor's office in cases specified by the Law of Ukraine "On the Prosecutor's Office"). The selection of candidates for the position of a district prosecutor includes a qualification exam, which is aimed at identifying the level of theoretical knowledge in the field of law, European standards in the field of human rights protection, general abilities of candidates and available practical skills necessary for the position of a prosecutor.

The other information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

• *Is the appointment to management positions (judges and prosecutors) based on applications and objective assessment of professional experience and performance?*

The information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

• *Is there a fair and transparent system of promotion of judges and prosecutors in place together with a periodical professional assessment of judges and prosecutors' performance according to objectively defined quantitative and qualitative criteria?*

Transfer to a higher-level prosecutor's office is based on the results of a competition, the procedure for which is determined by the QDCP. The competition shall include assessment of the prosecutor's professional level, experience, moral and business qualities and verification of his/her readiness to exercise powers in another prosecution body, including a higher level one.

The other information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

• *Are all career related decisions the responsibility respectively of the Judicial/Prosecutorial Council or is the Judicial/Prosecutorial Council involved in the decision-making?*

The QDCP is responsible for conducting (and, accordingly, making decisions) the selection of candidates for the position of a district prosecutor and the competition for a vacant or temporarily vacant position of a prosecutor in the procedure of transfer to a higher-level prosecutor's office.

Pursuant to part four of Article 39 of the Law of Ukraine "On the Prosecutor's Office", the appointment of a prosecutor to an administrative position (first deputy and deputy prosecutors, head of the regional prosecutor's office, his first deputy and deputies, head of the district prosecutor's office) is carried out by the Prosecutor General upon the recommendation of the Council of Prosecutors of Ukraine.

The High Qualification Commission of Judges' (HQCJ) decision of September 14, 2023 announced the competition for 560 vacant positions of local court judges (including 500 vacant positions of judges in general courts, 30 in local commercial courts and 30 in district administrative courts) for candidates for the position of a judge enrolled in the reserves for filling vacant positions of local court judges.

Based on the results of the competition, as of March 31, 2024 the Commission submitted recommendations to the HCJ on the appointment of 337 candidates for the position of judge. As for 27 candidates, the HQCJ decided to refuse to submit a recommendation to the HCJ on the appointment of a judge, and the Commission terminated the participation of 3 candidates. The issue of appointment of 67 candidates has not been completed.

The HQCJ decision of July 20, 2023 extended the competition for 7 vacant positions of judges of local general courts, announced by the HQCJ decision of August 05, 2019 from the stage of determining the results of a special background check and admitting candidates to the competition.

Based on its results, the Commission submitted recommendations to the HCJ on the appointment of 5 candidates to the position of a judge.

The HQCJ decision of July 20, 2023 the competition for 35 vacant positions of local court judges, announced by the Commission's decision of August 05, 2019 was extended from the stage of determining the results of a special background check and admitting candidates to the competition.

Based on the results of the competition, the HQCJ submitted recommendations to the HCJ on the appointment of 21 candidates to the position of a judge. In relation to 1 candidate, the HQCJ decided to refuse to make a recommendation to the HCJ on the appointment of a judge.

The HQCJ decision of September 14, 2023 announced a competition to fill 550 vacant positions of appellate court judges (taking into account the HQCJ decision of December 14, 2023 to amend the decision of September 14, 2023), of which 425 are in the courts of appeal for civil and criminal cases, as well as cases of administrative offences, 58 are in the courts of appeal for commercial cases, and 67 are in the courts of appeal for administrative cases.

In total, 2,076 individuals applied to participate in the competition.

As of today, 1,850 candidates for the position of a judge of the Court of Appeal have been admitted to the qualification evaluation and continue to participate in the competition, 204 candidates have been denied access, and the Commission has terminated the participation of 22 candidates.

The HQCJ decision of November 23, 2023 announced a competition to fill 25 vacant positions of judges of the High Anti-Corruption Court, including 15 positions of judges to the High Anti-Corruption Court as a court of first instance and 10 positions of judges of the Chamber of Appeal of the High Anti-Corruption Court.

In total, 238 people applied to participate in the competition.

For the purpose of forming the Public Integrity Council, the Chairman of the HQCJ convened a meeting of representatives of NGOs that have been engaged in activities aimed at combating corruption, protecting human rights, supporting institutional reforms, including implementing projects in these areas for at least the last two years.

The HQCJ received applications from 21 NGOs to participate in the meeting. 16 organisations were found to meet the requirements for participation in the meeting of representatives of public associations to establish the Public Integrity Council. Following the results of the relevant meeting on August 14, 2023 20 members of the Public Integrity Council were elected.

In the period from June 15, 2023 to March 31, 2024 the qualification evaluation for correspondence to the position held was completed in respect of 94 judges, 73 of whom were found to be correspondent to their positions, and 21 were found not to be correspondent to their positions.

In addition, in relation to 2 judges, the HCJ submitted a motion for dismissal from the position of a judge due to refusal to pass the qualification evaluation for the position held.

Other information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

6. Quality of justice

6.1. Training:

- *What is the actual percentage of judges and prosecutors participating in*
- *continuous training in EU law*

140 prosecutors (1,6% of the general number of prosecutors) and 600 judges (6% of the total number of judges trained in 2023) underwent the corresponding training in 2023.

- *in-service training for the use of computer facilities in courts/ prosecutor's offices*

2379 prosecutors (27,5% from the general number of prosecutors) and 1 079

judges (10% of the total number of judges trained in 2023) underwent the corresponding training in 2023, as of 31 March 2024 – 246 prosecutors (2,8% from the general number of prosecutors).

• ***in-service training for management functions in the courts/ prosecutor's offices***

In 2023 56 heads of the regional and district prosecutor's offices (0,6% from the general number of prosecutors), and as of 31 March 2024 – 37 heads of the regional and district prosecutor's offices (0,4% from the general number of prosecutors) underwent the corresponding training.

In 2023 2,606 judges elected to administrative positions in courts (25% of the total number of judges trained in 2023) have undergone training at the National School of Judges of Ukraine. Also, 2,271 chiefs of staff and deputy chiefs of staff of local courts and courts of appeal (9% of the total number of judges who completed training in 2023) have undergone training.

○ ***in-service training for specialized judicial functions***

146 prosecutors (1,7% from the general number of prosecutors) underwent the corresponding training in 2023.

○ ***general in-service training***

6974 prosecutors (80,7% from the general number of prosecutors) underwent the corresponding training in 2023, as of 31 of March 2024 – 2297 prosecutors (26,6% from the general number of prosecutors).

In total, in 2023 10,267 judges, 24,789 court staff members, including 2,271 chiefs and deputy chiefs of local courts and courts of appeal, as well as 4,431 judicial assistants underwent training to maintain their qualifications and periodic training to improve their skills. Since 2021 the National School of Judges has also been training employees of the Court Protection Service and improving their skills. In 2023, the National School of Judges trained 5,286 employees of the Judicial Protection Service.

○ ***initial training***

In connection with the adoption of the Law of Ukraine "On Amendments to the Law of Ukraine "On the Judiciary and the Status of Judges" and Certain Legislative Acts of Ukraine on Improving Judicial Career Procedures" No. 3511-IX of December 9, 2023, special training of candidates for the position of judge was replaced by initial training of judges at the National School of Judges of Ukraine.

According to the Training Center of Prosecutors, in 2023 3,372 prosecutors from the prosecution authorities upgraded their skills, including 144 in international humanitarian and international criminal law. Initial training was successfully completed by 66 trainee prosecutors from district prosecutor's offices. The program of initial training for trainee prosecutors, in particular, includes the training module "Application of ECHR Case Law". The Training Center of Prosecutors also conducted 170 training events to improve the qualifications of prosecutors in face-

to-face and online forms of training, including 112 scheduled (provided for in the catalogues of training programs for prosecutors for the first and second half of 2023), as well as 8 trainings aimed at improving the level of managerial competence of managers, developing leadership skills, and forming modern theoretical knowledge and skills. In addition, prosecutors had the opportunity to participate in 13 distance learning courses posted on the Training Center's distance learning portal and available for completion. The Training Center issued 18980 standardised certificates. In 2023, the Training Center held the following events.

100% (66 prosecutor trainees, who were selected and appointed to the district prosecutor's offices, underwent a 2-month initial training at the Training Center of Prosecutors of Ukraine) underwent initial training in 2023.

• ***Is there an independent authority responsible for initial and regular in-job training of judges and prosecutors?***

In Ukraine, there is the Training Center of Prosecutors of Ukraine, an independent public institution that conducts regular and initial trainings for prosecutors and public officials of the prosecutor's offices. According to part two of Article 19 of the Law of Ukraine "On the Prosecutor's Office", the prosecutor is obliged to improve his or her professional level and to upgrade qualifications for this purpose. The prosecutor periodically undergoes training at the Training Center of Prosecutors of Ukraine, which should include the study of the rules of prosecutorial ethics. Also, part one of Article 33-1 of the Law provides that the procedure for initial training is determined by the Training Center of Prosecutors of Ukraine in agreement with the body conducting disciplinary proceedings.

The National School of Judges of Ukraine is another state institution with a special status in the justice system that provides training of highly qualified personnel for the justice system and carries out research activities. The National School of Judges of Ukraine carries out its statutory tasks both through its central office in Kyiv and through 4 regional branches with centres in Lviv, Kharkiv, Odesa and Dnipro.

The exhaustive list of tasks of the National School of Judges of Ukraine is set out in Article 105 of the Law of Ukraine "On the Judiciary and the Status of Judges". The National School of Judges of Ukraine carries out: initial training of judges; training of judges, including those elected to administrative positions in courts; periodic training of judges to improve their qualifications; conducting training courses determined by the qualification or disciplinary body to improve the qualifications of judges who are temporarily suspended from the administration of justice; training of court staff and upgrading their qualifications; training of employees of the Court Protection Service and improvement of their skills;

The National School of Judges of Ukraine also conducts research on improving the judicial system, the status of judges and judicial proceedings, studies international experience in the organisation and operation of courts, and provides

scientific and methodological support to the courts, the High Qualifications Commission of Judges of Ukraine and the High Council of Justice.

- ***Does this also cover the professional development of other judicial staff?***

The National School of Judges of Ukraine trains all judges in the country.

- ***Are there sustainable and adequate resources (financial, human and material) for the judicial training body?***

The budget allocations in accordance with the Law of Ukraine "On the State Budget of Ukraine for 2023" for the National School of Judges amounted to UAH 76,109.7 thousand, which meets the expenditure requirement by 33.8%. As of 31.12.2023, the budget allocations for the National School of Judges amounted to UAH 85,835.4 thousand, which meets the expenditure requirement by 38.1%. Cash expenditures for 2023 amounted to UAH 84,200.0 thousand, which meets the expenditure requirement by 37.4%.

Other information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are training needs assessed as part of the overall annual evaluation of judges, prosecutors and other court staff?***

The Prosecutor General's Order No. 407 of December 29, 2021 approved the Regulation on the system of performance evaluation of prosecutors, which is currently being tested and will be implemented in a test mode in certain structural units of the Office of the Prosecutor General, the Zhytomyr Regional Prosecutor's Office and district prosecutors' offices in the region in 2024.

The Regulation states that the system of performance evaluation of prosecutors consists of performance evaluation and determination of the directions of professional development of the prosecutor. One of the stages of the evaluation is to fill out a plan of professional (career) development of the prosecutor, in which the prosecutor conducts self-assessment of professional competence, determines the forms of professional development, and indicates the desired areas of development and career advancement.

Other information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Is there an effective evaluation system in place for the training activities***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

6.2. Monitoring and evaluation of court activities

● *Is there a system of monitoring the day-to-day activity of the courts based on data collection (e.g. number of incoming cases, number of decisions, number of postponed cases)?*

● *Do Courts produce annual activity reports?*

● *Is there a system of evaluation of the performance of courts by using indicators (e.g. performance and quality indicators, regular evaluation systems, quality standards that are defined, specialised court staff entrusted with quality policy and quality systems, surveys aimed at persons who were in direct contact with a court (professionals, litigants and other courts users, for example witnesses, experts, interpreters, etc.)?*

● *Is there a functioning and countrywide case-management system in place that provides for reliable statistical data in line with CEPEJ methodology?*

● *What measures linked to the digitalisation of the judiciary have been introduced/designed?*

In 2023, State Judicial Administration of Ukraine (hereinafter referred as “SJA”) carried out a number of activities to disseminate electronic services, promote them and simplify access to them. In particular:

1) integration of the E-Court subsystem with the Unified State Web Portal of Electronic Services (Portal Diia) was ensured;

2) a service was introduced for courts to automatically send court summonses and notices to litigants via messenger (Viber);

3) the first stage of work on the creation of the Unified State Register of Enforcement Documents was carried out;

4) the SJA signed agreements with the holders of the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations, the State Register of Real Property Rights and the Unified State Demographic Register to provide judges with free access to the Unified State Register of Real Estate;

5) following the adoption of the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on Mandatory Registration and Use of Electronic Offices in the Unified Judicial Information and Telecommunication System or its separate subsystem (module) that provides for the exchange of documents", the SJA of Ukraine initiated amendments to the Regulation on the Procedure for the Functioning of Certain Subsystems of the UJITS. The relevant amendments were approved by the decision of the High Council of Justice dated October 18, 2023 No. 977/0/15-23;

6) the aforementioned amendments contribute to the development of e-justice in line with international standards in the field of information technology, its integration into the national e-governance infrastructure through, inter alia, the introduction of modern electronic court records, electronic case management,

electronic communications with the court, the judge's office and the office of a party to the proceedings;

7) measures on information interaction with public authorities were continued;

8) information on the date and time of court hearings and court documents was unilaterally transmitted from the Electronic Court subsystem to the Diia mobile application;

9) the section on powers of attorney in the electronic court's e-cabinet was improved - a mechanism for page-by-page display of powers of attorney and correspondence was implemented to view and work with powers of attorney;

10) testing was completed and the Kyiv Court of Appeal was connected to the Electronic Court subsystem based on the test results;

11) measures were taken to put into commercial operation the UJITS subsystem "Module of automated interaction with other automated systems";

12) a draft joint order was developed and sent to the Office of the Prosecutor General on the peculiarities of registration of procuratorial bodies in the UJITS subsystem "Electronic Cabinet" and exchange of procedural documents in electronic form with courts through the UJITS subsystem "Electronic Court";

13) in order to organise effective management of the process of development and implementation of the UJITS, optimise its support, pursuant to Order of the SJA of Ukraine No. 523 dated November 10, 2023 "On Amendments to Order of the SJA of Ukraine No. 333 dated September 22, 2022 "On Determination of the Administrator", the State Enterprise "Information Court Systems" was appointed as the sole administrator of the UJITS and other information systems and services of the judiciary as of January 01, 2024.

In 2023, together with international development partners, a technical audit of the UJITS subsystems was conducted, which resulted in recommendations aimed at improving the development and integrated implementation of the UJITS.

The system of HQCJ of Ukraine for automating workflows has been improved to ensure that documents for participation in the competition for vacant positions of appellate court judges announced on September 14, 2023 as well as for participation in the competition for vacant positions of judges of the High Anti-Corruption Court announced on November 23, 2023, are submitted electronically through the official website of the Commission.

The Commission's system for automating workflows has been improved to create an electronic dossier of a candidate for a position of judge.

The draft terms of reference for the software for creating and maintaining judicial dossiers in electronic form and keeping records of the number of judicial positions were prepared.

The other information provided by Ukraine as part of the 2023 Enlargement

Package remains relevant.

• *Did the COVID crisis and the related lockdown have an impact on court proceedings? Have there been motions to restart trials anew due to the prolonged impossibility of convening hearings during the initial lockdowns?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Have there been measures introduced to strengthen the overall resilience of justice systems at times of crises?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Have there been provisions adopted providing a legal basis for conducting oral hearings through videoconference or other distance communication technology in cross-border judicial proceedings in civil, commercial and criminal matters?*

There is no special regulatory framework for the use of videoconferencing in cross-border court proceedings, but existing legislation and regulations allow any person to participate in a court hearing via videoconference with the permission of the court. The condition for obtaining this opportunity is registration in the UJITS using a qualified electronic signature. In order to protect judges and parties to cases, as well as due to the increased level of cyber threats to the services of the judiciary of Ukraine, access to the information systems of the judiciary from IP address ranges belonging to certain countries may be restricted during the martial law period.

The current procedural codes of Ukraine provide for the possibility of international cooperation with foreign courts or other competent authorities of a foreign state in criminal proceedings, civil, commercial and administrative court cases.

In accordance with the procedural legislation of Ukraine, foreign persons shall have the same procedural rights and obligations as citizens of Ukraine and legal entities established under the legislation of Ukraine, except for exceptions established by law or an international agreement ratified by the Verkhovna Rada of Ukraine.

In accordance with the procedural legislation of Ukraine, the parties to a case may participate in a court hearing via videoconference outside the courtroom using their own technical means.

Other information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

6.3. Budget and resources

- ***Budget for courts (in EUR per inhabitant)***

The official exchange rate of the NBU as at December 31, 2023 was EUR (Euro) - UAH 42.2079.

According to the State Statistics Service of Ukraine, the population of Ukraine (excluding the temporarily occupied territory of the Autonomous Republic of Crimea and the city of Sevastopol. Calculations (estimates) of the population were made on the basis of available administrative data on state registration of births and deaths and changes of residence registration) as of February 1, 2022 amounted to 41,130,432 persons.

The budget allocations in accordance with the Law of Ukraine "On the State Budget of Ukraine for 2023" for local and appellate courts amounted to UAH 15,574,899,300.00, or EUR 369,004,364.10, which is EUR 8.97 per person.

As of December 31, 2023 the budget allocations for local and appellate courts amounted to UAH 16,792,324,542.00, or EUR 397,847,903.90, which is EUR 9.67 per person.

Cash expenditures for 2023 amounted to UAH 16,326,143,843.40, or EUR 386,803,035.50, which is EUR 9.40 per person.

- ***Budget for prosecution offices (in EUR per inhabitant)***

For 2023 (report) – UAH 13,505.6 million, of which:

UAH 13,370.7 million – under the code of program classification of expenditures and lending to local budgets (hereinafter – CPCELLB) 0901010 "Implementation of prosecutorial activities, training and advanced training of prosecutors";

UAH 134.9 million – under the CPCELLB 0901030 "Provision of functions by the Specialized Anti-Corruption Prosecutor's Office".

The Law of Ukraine "On the State Budget of Ukraine for 2024" provides for the expenditures of UAH 14,588.1 million, of which:

UAH 14,384.8 million – under the CPCELLB 0901010 "Implementation of prosecutorial activities, training and advanced training of prosecutors";

UAH 203.3 million – under CPCELLB 0901030 "Provision of functions by the Specialized Anti-Corruption Prosecutor's Office".

- ***General government expenditure on law courts as a percentage of GDP***

The nominal GDP of Ukraine for 2022 is UAH 5,191,028.00 million. The budget allocations in accordance with the Law of Ukraine "On the State Budget of

Ukraine for 2023" for local and appellate courts amounted to UAH 15,574.9 million or 0.30% of GDP.

As of December 31, 2023 the budget allocations for local and appellate courts amounted to UAH 16,792.3 million or 0.32% of GDP.

Cash expenditures for 2023 amounted to UAH 16,326.1 million or 0.31% of GDP

The Law of Ukraine "On the State Budget of Ukraine for 2024" provides for the expenditures of UAH 24,113.1 million (general fund – UAH 20,473.9 million, special fund – UAH 3,639.2 million) to ensure the functioning of courts, bodies and institutions of the justice system, which is 0.315% of GDP, including:

State Judicial Administration of Ukraine – UAH 20,601.2 million (general fund – UAH 17,401.2 million, special fund – UAH 3,200.0 million);

The Supreme Court – UAH 2,387.8 million (general fund – UAH 1,949.0 million, special fund – UAH 438.8 million);

The Constitutional Court of Ukraine – UAH 333.8 million (general fund);

High Anti-Corruption Court – UAH 433.4 million (general fund – UAH 433.1 million, special fund – UAH 0.3 million);

High Council of Justice – UAH 352.5 million (general fund);

The High Court of Intellectual Property – UAH 4.4 million (general fund).

Number of judges (per 100.000 inhabitants) – only full time judges

As of March 31, 2024 according to the data registered with the HQCJ:

1. The number of individuals appointed (elected) to the positions of judges in courts that have not ceased to operate (whose jurisdiction has not been assigned to another court) – 4,407:

1.1. Local courts – 3,548, of which:

- local general courts – 2,644;

- local commercial courts – 445;

- district administrative courts – 459;

1.2. Courts of Appeal – 663, of which:

- General Courts of Appeal – 380;

- Commercial Courts of Appeal – 127;

- Administrative Courts of Appeal – 156;

1.3. High Specialized Courts – 38, of which:

- High Anti-Corruption Court – 38;

- High Court on Intellectual Property – 0;

1.4. Supreme Court – 158.

2. The number of individuals appointed (elected) to the positions of judges in the courts that ceased to function (jurisdiction of which is assigned to another court) – 439:

2.1. Local courts – 390, of which:

- local general courts – 318;
- local commercial courts – 10;
- district administrative courts – 62;

2.2. Courts of Appeal – 46, of which:

- general courts – 43;
- commercial courts – 2;
- administrative courts – 1;

2.3 High Specialized Courts – 3, of which:

- Supreme Administrative Court of Ukraine – 3.

3. The number of vacant judicial positions in courts that have not ceased to operate (jurisdiction of which is not assigned to another court) – 2,277:

3.1. Local courts – 1,490, of which:

- local general courts – 1,194;
- local commercial courts – 148;
- district administrative courts – 148;

3.2. Courts of Appeal – 694, of which:

- General Courts of Appeal – 502;
- Commercial Courts of Appeal – 91;
- Administrative Courts of Appeal – 101;

3.3 High Specialized Courts – 55, including:

- High Anti-Corruption Court – 25;
- High Court on Intellectual Property – 30;

3.4. Supreme Court – 38.

The data is provided by the permanent place of work of judges (excluding data on temporary transfers).

Information on the number of vacant judicial positions in courts is provided without taking into account the established courts that have not started working, courts whose work has been terminated (jurisdiction of which is assigned to another court).

Number of Prosecutors (per 100.000 inhabitants)

The total number of employees of the prosecution authorities is determined by Article 14 of the Law of Ukraine "On the Prosecutors' Office" and is not more than 15000 persons, in particular, the total number of prosecutors is 10000 persons.

As of January 01, 2024 the total number of prosecutors was 9978, and as of April 01, 2024 - 9979.

(Due to the absence of information on the exact number of population in Ukraine as of the above dates, and therefore it is not possible to calculate this indicator.)

● ***Numbers of lawyers (per 100.000 inhabitants)*** *A lawyer is a person qualified and authorised according to national law to plead and act on behalf of his or her clients, to engage in the practice of law, to appear before the courts or advise and represent his or her clients in legal matters (Recommendation Rec (2000)21 of the Committee of Ministers of the Council of Europe on the freedom of exercise of the profession of lawyer).*

According to the official information of the Ukrainian National Bar Association, as of December 15, 2023 the total number of advocates, who are registered in the electronic office on the website of the Ukrainian National Bar Association, constitutes 41713.

● ***Are there Information & Communication Technology systems for courts available e.g.***

● ***Systems for the registration and management of cases?***

● ***Electronic communication between courts and parties?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

6.4. The availability of alternative dispute resolution methods (ADR)

● ***Is there a judicial mediation mechanism in place?***

The information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

● ***Are there non-judicial mediation mechanisms in place?***

The information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

- ***Is arbitration available?***

The information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

- ***Is conciliation available?***

The information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

6.5. Is Jurisprudence consistent and are measures in place to ensure consistency? Are verdicts and their reasoning electronically available to other judges within a reasonable amount of time? Are court rulings publically available and easily accessible?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Which other measures are in place to ensure transparency? Are trials recorded?***

The information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

- ***Is there an incentive-based system for voluntary mobility of judges and prosecutors?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

7. Efficiency

Indicators:

- ***length of proceedings***

(the time (in days) needed to resolve a case in court, i.e. the time taken by the court to reach a decision at first instance) in civil/commercial cases, administrative cases and penal cases.

- ***clearance rate***

(the ratio of the number of resolved cases over the number of incoming cases in a given year)

- in first instance for civil/commercial, administrative and criminal cases

- in appeal for the same cases

- *Constitutional Courts*

- *Supreme Court.*

Average duration of the court proceedings (days) in local courts in 2023	
Type of proceedings	Number of days
IN TOTAL IN LOCAL GENERAL COURTS	50
criminal proceedings	49
cases of criminal proceedings	163
pre-trial investigation cases (investigating judges)	7
administrative proceedings	97
civil proceedings	80
on administrative offences	31
IN TOTAL, IN COMMERCIAL COURTS	
commercial proceedings, of which:	123
cases (other than bankruptcy)	114
bankruptcy proceedings	173
IN TOTAL, IN DISTRICT ADMINISTRATIVE COURTS	
administrative proceedings	79

The number of cases submitted and reviewed in 2023:

The proportion of resolved cases to the number of submitted cases in local courts in 2023			
Type of court proceedings	Cases and materials pending in the proceedings	Cases and materials	Consideration

	total	including those received in the reporting period	considered	rate
Local courts of general jurisdiction				
criminal proceedings	997 561	888 794	869 234	97,8%
administrative proceedings	31 591	24 113	24 220	100,4%
civil proceedings	1 331 333	1 119 778	1 042 024	93%
on administrative offences	997 129	925 091	905 371	97,9%
Local commercial courts				
commercial proceedings	137 626	105 568	102 108	96,7%
District administrative courts				
administrative proceedings	662 937	580 386	524 906	90,4%

The ratio of the number of resolved cases to the number of incoming cases in the courts of appeal in 2023				
Type of court proceedings	Cases and materials pending in the proceedings		Cases and materials considered	Consideration rate
	In total	including those received in the reporting period		
General courts of appeal				

criminal proceedings	215 179	202 729	201 760	99,5%
civil proceedings	90 059	66 551	66 224	99,5%
on administrative offences	36 712	33 198	32 686	98,5%
Commercial courts of appeal				
commercial proceedings	30 391	24 103	22 790	94,6%
Administrative courts of appeal				
administrative proceedings	155 916	123 397	120 998	98%

Information on the consideration of cases on the merits by the **Grand Chamber of the Supreme Court** for 2023 and the first quarter of 2024:

Name jurisdiction	Considered	
	2023	first quarter of 2024
administrative jurisdiction	111	34
commercial jurisdiction	28	5
criminal jurisdiction	7	1
civil jurisdiction	37	7
All	183	47

Information on consideration of cases by the combined chambers of the courts of cassation as part of the Supreme Court for 2023 and the first quarter of 2024:

Name of cassation	Considered
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courts	2023	first quarter of 2024
Administrative Cassation Court	3	2
Commercial Cassation Court	24	2
Criminal Cassation Court	14	7
Civil Cassation Court	33	12
All	74	23

Information on consideration of cases by the chambers of the courts of cassation as part of the Supreme Court for 2023 and the first quarter of 2024:

Name of cassation courts	Considered	
	2023	first quarter of 2024
Administrative Cassation Court	22	7
Commercial Cassation Court	24	1
Criminal Cassation Court	1	1
Civil Cassation Court	1	0
All	48	9

General indicators of the administration of justice by the Supreme Court for 2023 and the first quarter of 2024:

Name of responde	Amount of procedural appeals and	Received procedural appeals and	Considered procedural appeals and	Balance of pending procedural
-------------------------	-----------------------------------------	----------------------------------------	------------------------------------------	--------------------------------------

nt	cases under consideration		cases		case		appeals and cases at the end of the period	
	2023	first quarter of 2024	2023	first quarter of 2024	2023	first quarter of 2024	2023	ffirst quarter of 2024
Supreme Court (total), including	105 279	39 480	86 190	22 449	86 160	20 650	17 041	18 718
Administrative Cassation Court	732	290	609	137	485	132	158	125
Commercial Cassation Court	55 500	19 446	45 344	12 419	48 183	11 744	7 032	7 627
Criminal Cassation Court	10 661	4 043	9 183	2 304	8 856	2 129	1 739	1 903
Civil Cassation Court	12 553	4 163	10 815	2 512	9 932	2 273	1 651	1 887

- number of pending cases (including the number of old cases that remain to be dealt with at the end of a period, e.g. after 3 years before the first instance)

Information on the number of cases pending in local and appellate courts in 2023

Type of proceedings	Cases and materials pending in the proceedings		Balance of pending cases and materials at the end of the reporting period	
	in total	including those received in the reporting period	in total	including those not considered for more than one year
Local courts				
criminal proceedings	997 561	888 794	128 327	44 939
administrative proceedings	31 591	24 113	7 371	2 030
civil proceedings	1 331 333	1 119 778	289 309	41 376
on administrative offences	997 129	925 091	91 758	7 839
commercial proceedings	137 626	105 568	35 518	8 804
Courts of appeal				
criminal proceedings	215 179	202 729	13 419	3 678
administrative proceedings	155 916	123 397	34 918	1 092
civil proceedings	90 059	66 551	23 835	2 285
on administrative offences	36 712	33 198	4 026	348
commercial proceedings	30 391	24 103	7 601	176

○ *number of civil, commercial, administrative and other pending cases (1st instance/per 100 inhabitants)*

no accounting for this indicator is performed

○ *number of civil, commercial, administrative and other pending cases in appeal per 100 inhabitants*

no accounting for this indicator is performed

○ *number of criminal cases (1st instance/per 100 inhabitants)*

no accounting for this indicator is performed

- *number of criminal cases (in appeal/per 100 inhabitants)*

no accounting for this indicator is performed

- *number of pending cases before the Constitutional Court*

412 constitutional complaints were lodged with the **Constitutional Court of Ukraine** in 2023, in respect of which the Secretariat of the Court carried out a preliminary examination for conformity with the requirements of the legislation. Out of the aforesaid complaints, 222 met the requirements in terms of form and were distributed among the judges of the Court in accordance with the legislation and in the manner established by the Rules of Procedure of the Court; 190 were returned to subjects of the right to constitutional complaint with relevant explanations and indication, including the possibility of re-applying in compliance with the requirements of the Law, since they did not meet the requirements of the legislation in terms of the form.

As a result of consideration of 222 constitutional complaints, distributed in 2023, constitutional proceedings were initiated in cases upon 53 constitutional complaints and the initiating of constitutional proceedings was refused in cases upon 169 constitutional complaints. In terms of the 53 initiated constitutional complaints, the Senates of the Court delivered 4 decisions upon 7 constitutional complaints. The Senates of the Court and the Grand Chamber of the Court are currently considering 46 constitutional complaints.

In the context of 169 constitutional complaints, regarding which the initiation of constitutional proceeding was refused, the Court delivered 152 final acts, i.e. 1 ruling of the Senate of the Court and 151 rulings of the Boards of Judges of the Court with the refusal to initiate constitutional proceedings upon constitutional complaints, 17 constitutional complaints were under consideration by the Court's bodies.

At the same time, in 2023, the Court delivered 22 final acts upon 26 constitutional complaints of the previous years of registration, namely:

- 9 decisions of the Senates of the Court in cases upon 14 constitutional complaints;

- 5 rulings of the Senates of the Court on the closure of the constitutional proceedings in cases upon 4 constitutional complaints;

- 2 rulings of the Senates of the Court on the refusal to initiate constitutional proceedings in cases upon 2 constitutional complaints;

- 6 rulings of the Boards of Judges of the Court in cases upon 6 constitutional complaints.

In the first quarter of 2024, 107 constitutional complaints were lodged with the Court, of which: 49 distributed, 52 returned and 1 withdrawn on the basis of the submitted application. 5 complaints are pending consideration by the Secretariat. Upon the result of consideration of 49 distributed constitutional complaints,

constitutional proceedings were initiated regarding 5 complaints, while for 29 complaints initiation of constitutional proceedings was refused. As for the remaining 15 complaints the Court is currently resolving the issue of initiation or refusal to initiate constitutional proceedings. Besides, the Senates of the Court are considering 5 constitutional complaints.

Out of the 29 refused constitutional complaints, the Boards of Judges of the Court adopted 28 rulings to dismiss them, while 1 constitutional complaint was transmitted for consideration to the Senate of the Court for the delivery of a final act.

In the first quarter of 2024, the Court delivered 23 final acts upon 28 constitutional complaints of the previous years of registration, namely:

- 3 decisions of Senates of the Court in cases upon 3 constitutional complaints;
- 3 rulings of the Senates of the Court on the closure of the constitutional proceedings in cases upon 8 constitutional complaints;
- 1 ruling of the Senates of the Court on the refusal to initiate the constitutional proceedings in cases upon 1 constitutional complaint;
- 16 rulings of the Boards of judges of the Court in the cases upon 16 constitutional complaints.

As of April 4, 2024, 38 constitutional petitions and 2 constitutional appeals are pending before the Court, in respect of which the constitutional proceedings have been initiated.

Quantitative indicators of the Court's hearings are highlighted in the table below.

Sessions of the Constitutional Court of Ukraine	01.01.2023-31.12.2023	First quarter of 2024
plenary sessions of Grand Chamber of the Court	114	37
sessions of Grand Chamber of the Court	79	22
plenary sessions of the First Senate of the Court	52	14
sessions of the First Senate of the Court	35	10
plenary sessions of the Second Senate of the Court	100	28
sessions of the Second Senate of the Court	54	20
sessions of the Boards of judges of the First Senate of the Court	66	23
sessions of the Boards of judges of the Second	61	13

Senate of the Court		
special plenary sessions of the Court	9	2
sessions of the Court associated with organisational activities	37	12
sessions of the Standing Commissions of the Court	34	10

○ *number of pending cases, number of applications and state of execution at the ECtHR?*

As of December 31, 2023, Ukraine ranked third among the member states of the Council of Europe in terms of the number of cases that were under consideration of the European Court of Human Rights. In particular, the European Court of Human Rights received a total of 68,450 cases against states parties to the Convention for the Protection of Human Rights and Fundamental Freedoms (hereinafter - the Convention), of which 8,750 cases were against Ukraine, which is 12.8% of the total number of cases. These statistics are available on the official website of the European Court of Human Rights at the link: <https://www.echr.coe.int/documents/d/echr/stats-pending-2024-bil?download=true>.

Between September 11, 1997 (the date of entry into force of the Convention for Ukraine) and December 31, 2023 the European Court of Human Rights delivered 1970 judgements in cases against Ukraine. In 2023, the European Court of Human Rights issued 130 judgments in cases against Ukraine, which found violations of the Convention for the Protection of Human Rights and Fundamental Freedoms. At the same time, from January 01, 2024 to March 31, 2024, 30 judgements were delivered.

In 2023, 75 judgments of the European Court of Human Rights were recognized by the CoE CM as having been implemented by Ukraine.

● *Are the Codes of Procedure (criminal, civil, administrative) free of formalism and do they provide adequate tools in case of urgency? Are abusive delays sanctioned?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Is the network of courts unnecessarily complicated? Is the jurisdiction of every court clearly stipulated? Do rural areas have courts which are too small for objective case allocation and/or specialisation? Conversely, can the physical distance and lack of communications be problematic in light of access to justice?*

As of 31.03.2024, according to the data registered with the High Qualification Commission of Judges of Ukraine:

1. The maximum number of judges in courts – 6,684:

1.1. Local courts – 5,038, of which:

- local general courts – 3,838;
- local commercial courts – 593;
- district administrative courts – 607;

1.2. Courts of Appeal – 1,357, of which:

- General Courts of Appeal – 882;
- Commercial Courts of Appeal – 218;
- Administrative Courts of Appeal – 257;

1.3. High Specialized Courts – 93, including:

- High Anti-Corruption Court – 63;
- High Court on Intellectual Property – 30;

1.4. Supreme Court – 196.

The information on the maximum number of judges is provided without taking into account the established courts that have not started their work, courts whose work has been terminated (jurisdiction of which is assigned to another court).

The other information provided by Ukraine as part of the EU Questionnaire on the Application for Membership remains relevant.

● ***Is there a human resource strategy for the judiciary, based on an analysis of needs and workload, and bearing in mind possible further changes in the structure of courts, recruitment and training?***

No relevant developments during the reporting period.

● ***Support and security: What is the number of support staff in courts? Have Judges adequate support staff at their disposal to assign non-judicial tasks? Is court house security adequate? Which is the level of document security?***

As of January 01, 2024 the number of employees of the courts' apparatus totalled 27,528 people. The other information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***What is the budget available to pay for judicial experts? By whom and how frequently are experts appointed? Is there a certification system?***

The maintenance of the forensic research institutions of the Ministry of Justice of Ukraine is carried out under the budget program under CPCELLB 3601070 "Conducting forensic examinations and developing methods of conducting forensic

examinations".

The expenditures of forensic research institutions in 2023 amounted to UAH 582,076.1 thousand, including UAH 398,758.6 thousand from the general fund of the state budget and UAH 183,317.5 thousand from the special fund, of which:

- for conducting forensic examinations - UAH 479,367.9 thousand, (including at the expense of the general fund - UAH 334,988.4 thousand, special fund - UAH 144,379.5 thousand);

- for the development of methods for conducting forensic examinations - UAH 56,180.2 thousand (at the expense of the general fund);

- for the purchase of forensic equipment - UAH 42,777.6 thousand, (including UAH 7,590.0 thousand from the general fund, UAH 35,187.6 thousand from the special fund);

- for training of highly qualified personnel - UAH 822.9 thousand (at the expense of the special fund);

- for advanced training of specialists - UAH 2,912.5 thousand (at the expense of the special fund);

- for the construction of premises for the laboratory of molecular genetic research - UAH 15.0 thousand (at the expense of the special fund).

According to the information of scientific research institutions of forensic expertise of the Ministry of Justice of Ukraine (hereinafter - NDUSE), in 2023, 141,880 forensic examinations and expert studies were performed at NDUSE, and during the 1st quarter of 2024, 56,892 forensic examinations and expert studies were performed.

The other information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

Updated information on the activity of the Ethics Council in terms of evaluating candidates for the position of a member of the High Council of Justice under the quota of the Congress of representatives of legal higher educational and scientific institutions:

By its decision of July 6, 2023, No. 699/0/15-23 the High Council of Justice announced a competition for one vacant position of a member of the High Council of Justice under the quota of the Congress of representatives of legal higher educational and scientific institutions (hereinafter – congress of scholars).

On September 14, 2023, the Ethics Council informed the High Council of Justice that at the time of the congress of scholars, which was scheduled for

September 21, 2023, an evaluation of candidates for the position of a member of the High Council of Justice will still be in progress, which made it impossible for the congress to fulfil the requirements of Article 13 of the Law of Ukraine "On the High Council of Justice".

In this regard, the High Council of Justice, by its decision of September 19, 2023 No. 903/0/15-23, determined the date of the congress of scholars for November 16, 2023.

On October 23, 2023, the Ethics Council made a decision on the candidates for the position of a member of the High Council of Justice from the congress of scholars who meet the professional ethics and integrity criteria. Six candidates complied with the professional ethics and integrity criteria. The Ethics Council made a decision on four candidates, who did not comply with the professional ethics and integrity criteria of the Ethics Council to hold the position of a member of the Council. Three candidates withdrew from the competition.

On November 16, 2023, the congress of scholars elected new member of the High Council of Justice for a four-year period.

Information on anti-corruption mainstreaming

Chapter 23 - Judiciary and fundamental rights: Includes a chapter on anti-corruption, focused on issues such as high-level corruption, asset declarations, whistleblowing, access to info, vulnerable sectors; a specific section on prevention of corruption and conflicts of interest; a section on law enforcement; and a section on political party financing. (see guiding questions for anti-corruption)

In Ukraine, the **Anti-Corruption Strategy for 2021-2025** has been adopted, which is being implemented through the State Anti-Corruption Programme for 2023-2025. Justice is designated as one of the priority areas of the Anti-Corruption Strategy and the Programme. A separate direction of the Programme:

- 2.1. Fair courts, prosecutors and law enforcement, identifies the following key problems in this sector:

- Problem 2.1.1. There is a social trend towards a declining level of trust in the justice system. The law does not define integrity as a qualification requirement for members of the High Council of Justice and the High Qualification Commission of Judges of Ukraine;

- Problem 2.1.2. Procedures for qualification evaluation of judges and competitive selection procedures need to be improved and clear and predictable criteria (indicators) of integrity and professional ethics should be developed. Integrity and professional ethics as standard requirements for judges are not sufficiently implemented in practice, and the evaluation of conformity to these requirements is not always transparent and predictable;

- Problem 2.1.3. Lack of effective mechanisms for maintaining the integrity of the judiciary and responding to established facts of influence, pressure on judges and interference in their activities;

- Problem 2.1.4. Presence of corruption risks attributable to gaps and flaws of legislation in the system of justice.

To address the specified problems, the State Anti-Corruption Programme for 2023-2025 includes 67 measures. The content of these measures and information on the progress of their implementation as of December 31, 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/direction/7/>.

The Ministry of Justice of Ukraine has developed a draft Law of Ukraine "On Amendments to the Law of Ukraine **"On Prevention of Corruption" to Bring Certain Provisions in Line with the Conclusions of the European Commission on Ukraine**", which was adopted by the Verkhovna Rada of Ukraine on December 08, 2023 registered under No. 3503-IX (entered into force on December 10, 2023).

The Law was adopted to bring certain provisions of the Law of Ukraine "On Prevention of Corruption" in line with the conclusions of the European Commission on Ukraine set out in the report dated November 08, 2023 (hereinafter - the Report), in terms of lifting restrictions on the powers of the National Agency for the Prevention of Corruption to continue the verification of assets that have already passed the verification process and to verify the property acquired by declarants before their appointment.

During the reporting period, the level of **competence of prosecutors of the SAPO** was increased with respect to problematic issues arising in the context of procedural guidance in corruption-related criminal proceedings. Thus, the SAPO prosecutors have improved their expertise through e-learning and seminars on various topics, such as: Legal analysis and legal writing, the use of civil confiscation; Investigation and collection of evidence regarding crimes committed using computer technology and the Internet; Cryptocurrency technologies and methods of investigating crimes involving digital assets; Legalisation ("money laundering") of illicit profits; Investigation of financial crimes, etc. SAPO prosecutors also take part in anti-corruption forums, conferences and working groups.

Between June 2023 and March 2024, 3 criminal proceedings were initiated based on statements (reports) of individuals (whistleblowers) about corruption criminal offences and corruption-related criminal offences (2 - under Article 368 of the Criminal Code of Ukraine, 1 - under Article 369 of the Criminal Code of Ukraine).

During 2023, 9 criminal proceedings were registered under Articles 366-2 and 366-3 of the Criminal Code of Ukraine. In January-March 2024, 2 criminal proceedings were registered. One indictment under Article 366-2 of the Criminal Code of Ukraine was submitted to the court for trial in 2023.

Overall, the indicator of initiated proceedings amounted to 641 in 2023. In January-March 2024, the number was 153. Over the course of 2023, 100 indictments

were sent to the court for consideration, including 81 for corruption offences. In January-March 2024, 33, including 28 for corruption offences. During 2023, 9 indictments were submitted to court against MPs, and 9 against judges of multiple levels. In January-March 2024, 2 indictments were submitted to court against MPs and 4 against judges. Facts of political interference regarding the SAPO, including via public statements regarding specific investigations of corruption-related criminal offences, not identified. During 2023, the number of registered criminal proceedings under Art. 368-5 of the Criminal Code of Ukraine was 14, and in January-March 2024 - 3.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ fill the open vacancies in the Constitutional Court of Ukraine in line with the adopted legislation

On November 12, 2023 the Advisory Group of Experts (hereinafter – the AGE), which is involved in the evaluation of the moral qualities and competencies of candidates for the positions of judges in the Constitutional Court of Ukraine (CCU), held the first official meeting and began to operate. The AGE also approved the Regulation on the AGE, i.e. internal rules and algorithms that will guide members of the AGE in their activities along with the Constitution of Ukraine and the Law of Ukraine “On the Constitutional Court of Ukraine”, as well as the Methodology for assessing moral qualities and the level of competence in the field of law of candidates for the position of a judge of the CCU.

At the outset of competition, in November 2023, 37 candidates applied for 5 vacant positions of the judges of the CCU. The AGE received from the Verkhovna Rada of Ukraine and the Council of Judges of Ukraine all the documents of the candidates that were admitted by these nominating subjects. Currently, there are 5 vacant positions in the CCU (3 by the quota of the Verkhovna Rada of Ukraine and 2 by the quota of the Congress of Judges of Ukraine).

From March 2 to 8, 2024 the AGE interviewed the aforesaid candidates under the criteria of high moral qualities. All of the interviews were streamed online on the resources of the AGE and CCU. Out of the 37 applicants, for various reasons, only 8 reached the stage of evaluation of their competence in the field of law. On March 23, 2024 the AGE approved the composition of the external group of international experts for the preparation of written questions and the corresponding guidance, as well as announced that the aforesaid written assessment will be held on April 5, 2024.

Considering that for one of the two vacancies, according to the quota of the

Congress of Judges of Ukraine, the number of candidates that comply with the criteria of high moral qualities is less than two persons for one vacant position in the CCU, the Council of Judges of Ukraine has to announce a new competition for one of the two vacant positions as required by the Law of Ukraine “On the Constitutional Court of Ukraine”.

→ relaunch the selection of ordinary judges on the basis of the improved legal framework, including clear integrity and professionalism criteria and the strong role of the Public Integrity Council

On June 1, 2023 following interviews with candidates recommended by the Competition Commission for the position of a member of the HQCJ of Ukraine, the HCJ appointed the authorised composition of the HQCJ.

On September 14, 2023 the HQCJ announced a competition for 560 vacant positions of judges in local courts. Interviews with the candidates are currently in progress, following which the High Qualification Commission of Judges of Ukraine will submit recommendations to the High Council of Justice on the appointment of candidates as judges. Similarly, on September 14, 2023 the HQCJ also announced a competition for 550 vacant positions of judges in appellate courts. Documents for participation were accepted from December 15 to 31, 2023. 2076 persons applied, of which 1834 persons were admitted to the competition by the HQCJ.

On September 26, 2023 the HCJ determined a new number of judges in the High Anti-Corruption Court - 63 positions, including 21 positions of judges of the Appeals Chamber. On 23 November 2023, the HQCJ announced a competition for 15 vacant positions of judges of the High Anti-Corruption Court and 10 vacant positions of judges of the Appeals Chamber of the High Anti-Corruption Court. The deadline for submission of documents for participation was from March 01, 2024 to March 30, 2024.

→ resume the evaluation of the qualification of judges (vetting), which was suspended in 2019

On November 13, 2023 the HQCJ restored the qualification assessment of judges for their eligibility for their positions. A total of 1884 judges of local and appellate courts have to participate in the qualification assessment. 109 judges have started this procedure by passing the exam, and 1775 judges have been admitted to the second stage - examination of records and interview. The interviews are currently in progress, after which the HQCJ will decide on the results of the qualification assessment for the judge's suitability for the position.

→ establish the service of disciplinary inspectors following a transparent and meritocratic selection process and resume the handling of disciplinary proceedings against judges prioritising high-profile cases and cases nearing the statute of limitation

On September 15, 2023, the Law of Ukraine “On making amendments to certain laws of Ukraine regarding the restoration of cases consideration on the disciplinary liability of judges” of 9 August 2023 No. 3304-IX entered into force.

On October 19, 2023, the Law of Ukraine “On making amendments to the Law of Ukraine “On the Judiciary and the Status of Judges” and certain laws of Ukraine regarding the change of status and the formation procedure of the Service of Disciplinary Inspectors of the High Council of Justice” of 6 September 2023 No. 3378-IX also entered into force.

In compliance with the requirements of Ukrainian legislation, on December 7, 2023, the High Council of Justice adopted a decision No. 1235/0/15-23 on the formation of the Selection Commission for conducting a competition for positions of the Head of the Service of Disciplinary Inspectors and his/her Deputy. The Commission consists of six people: three international experts and three members of the HCJ (hereinafter – Selection Commission).

On December 19, 2023, by the decision No. 1334/0/15-23, the High Council of Justice announced the competition for filling positions of the Head of the Service of Disciplinary Inspectors – Deputy Head of the Secretariat of the High Council of Justice, Deputy Head of the Service of Disciplinary Inspectors of the High Council of Justice, disciplinary inspectors of the High Council of Justice.

On January 30, 2024, based on decision No. 280/0/15-24, the High Council of Justice extended the deadline for accepting documents from candidates for positions of the Head of the Service of Disciplinary Inspectors and his/her Deputy, disciplinary inspector. In general, the documents were accepted from January 10 to February 14, 2024. 416 candidates applied for the positions of Head of the Service of Disciplinary Inspectors and his/her Deputy, disciplinary inspector. 16 candidates applied for the position of Head of the Service of Disciplinary Inspectors.

On February 5, 2024, the first official meeting of the Selection Commission was held, during which the Rules of Procedure of the Selection Commission were approved, the Chairman and Deputy Chairman of the Selection Commission were elected. By the decision of the competition commission of 14 February 2024 No. 1, a competition commission’s working group was formed and a list of assistants and translators (working group) nominated by international technical assistance projects were approved. On April 2, 2024, the second official meeting of the Selection Commission took place, during which the Procedure for holding a competition for the position of Head of the Service of Disciplinary Inspectors and his/her deputy, a disciplinary inspector, was approved, and amendments to the Rules of Procedure were provided. The Competition Commission is currently reviewing the documents

submitted by the candidates for the positions of disciplinary inspectors to decide on their admission to the next stage of the competition.

Information on the resumption of consideration of cases regarding disciplinary liability of judges and the establishment of criteria for the priority order of disciplinary proceedings against judges is provided in the answers to the guiding questions in Section 3. Accountability/ethics.

→ continue to further improve its track record on investigations, prosecutions and final court decisions in high-level corruption cases, including the seizure and confiscation of criminal assets, as well as ensure timely implementation of the 2023-2025 state anti-corruption programme

Paragraph 2.1.5.2.1 of the Measures for Implementation of the State Anti-Corruption Program provides for an analysis of activities of the relevant body conducting disciplinary proceedings against prosecutors in March 2023 - January 2024.

The Office of Organisational Support of Activities (Secretariat) of the Department of Personnel and Civil Service ensured the relevant analysis, and its results were published on the official website of the Office of the Prosecutor General. Information on the implementation of the measure was entered into the information system for monitoring the implementation of the state anti-corruption policy. According to this system, the measure (analysis) was completed on time and in full.

Paragraph 2.1.5.2.2 of the Measures for Implementation of the State Anti-Corruption Program also provides for the development and submission to the Cabinet of Ministers of Ukraine of a draft law amending the Law of Ukraine "On the Prosecutor's Office", which will improve the disciplinary procedure in terms of: optimising the grounds for disciplinary liability of prosecutors; providing clear wording of disciplinary offences relating to the conduct of prosecutors and their compliance with the rules of prosecutorial ethics, etc.

In 2022-2023, the Department repeatedly reviewed draft laws developed pursuant to the recommendations of GRECO (Group of States Against Corruption) and aimed at improving the disciplinary procedure. Thus, in 2022, the draft Law of Ukraine "On Amendments to the Law of Ukraine "On the Prosecutor's Office" (to improve the disciplinary liability of prosecutors)" was developed. Subsequently, the draft Law of Ukraine "On Amendments to the Law of Ukraine "On the Prosecutor's Office" (to implement the recommendations of the Group of States against Corruption and the requirements of the Anti-Corruption Strategy for 2021-2025 in terms of improving the disciplinary procedure for prosecutors)" was being worked on. The mentioned draft law, among other things, proposes to amend the provisions on the composition of the QDCP to ensure that the vast majority of seats are held by prosecutors elected by their peers (GRECO Recommendation XXIII in the 4th round of evaluation). In particular, the increase of the quota of prosecutors in the relevant

body conducting disciplinary proceedings to six members is envisaged by reducing the quota of another entity authorised to appoint members of this body (the Congress of Representatives of Law Schools and Research Institutions).

In order to implement Recommendation XXIX in part (i) regarding a clearer formulation of disciplinary offences related to the conduct of prosecutors and their compliance with ethical standards, the draft law proposes to refer to the provisions of the Code of Professional Ethics and Conduct of Prosecutors, which directly define these rules, in the context of a gross violation of the rules of prosecutorial ethics, and to exclude provisions on actions that defame the rank of prosecutor and may raise doubts about his or her objectivity, impartiality and independence, honesty and integrity.

In order to implement this Recommendation, the draft law proposes to supplement the list of existing types of disciplinary sanctions with such types as a warning and a strict reprimand. In order to implement Recommendation XXX in the part on increasing the efficiency of disciplinary proceedings by extending the statute of limitations, the draft law proposes to extend the period of disciplinary liability of a prosecutor to two years from the date of the misconduct, excluding the time of temporary disability or vacation, secondment of a prosecutor to bodies to participate in their work on a permanent basis in cases determined by law, or dismissal from work in connection with the performance of state or public.

Implementation of this Recommendation in terms of establishing a single body (court) for appealing decisions in disciplinary proceedings requires, first of all, amendments to the Constitution of Ukraine, since, among other things, the competence of the High Council of Justice, according to paragraph 3 of part one of Article 131 of the Constitution of Ukraine, includes consideration of complaints against decisions of the relevant body to bring a prosecutor to disciplinary responsibility. At present, this is complicated by the fact that according to part two of Article 157 of the Constitution of Ukraine, its provisions cannot be changed in conditions, in particular, martial law, which has not yet been introduced in connection with the military aggression of the Russian Federation against Ukraine.

→ complete a comprehensive IT audit, including the existing IT systems, business processes and organisational structure, and based on the audit results, adopt and start implementing a roadmap to modernise IT in the judiciary, including the development of the new case management system

In order to implement the Ukraine Facility initiative of the European Union, introduced by Regulation (EU) No. 2024/792 of the European Parliament and of the Council of 29 February 2024, the **Ukraine Plan** was approved. The implementation of this measure is envisaged by the Ukraine Plan by December 2027. Relevant measures are currently being taken.

The school should strengthen its managerial and operational capacities, introduce comprehensive training needs assessment and training evaluation, modernise the training curricula and teaching methods, including trainings on judgecraft, ethics and integrity and improve international cooperation and connections with judicial training networks. The collaboration of the National School of Judges and the Prosecutorial Training Centre with the EU judicial training providers to address war-related training needs help to enhance institutional capacity and should continue.

The National School of Judges of Ukraine continues to train judges of all instances, court staff, and the Court Protection Service. Despite the challenges posed by the war, funding and staff cuts, the National School of Judges of Ukraine completed training in 2023 of:

- 10,267 judges, including 2,606 judges elected to administrative positions in courts;
- 24,789 court staff members, including 2,271 heads and deputy heads of staff of local and appellate courts, and 4,431 judicial assistants.

Since 2021, the National School of Judges of Ukraine has also been training the Court Protection Service and improving their skills. In 2023, 5,286 employees of the Court Protection Service were trained at the National School of Judges of Ukraine.

In 2023, judges of the Supreme Court and the High Anti-Corruption Court (including its Appeals Chamber) were trained. The National School of Judges of Ukraine conducted 35 specialised thematic trainings and workshops that were mandatory for judges of local and appellate courts of all jurisdictions. During the reporting period, 34 all-Ukrainian thematic seminars had been held on war crimes, crimes against humanity and crimes against the foundations of national security of Ukraine, attended by judges of local and appellate courts from all the regions of Ukraine. Distance learning for periodic training of judges was actively implemented. In particular, 61 distance learning courses had been held.

One of the priority tasks of the National School of Judges of Ukraine is to select and train new teachers (trainers) capable of delivering standardised lectures, trainings, seminars, workshops, and distance learning courses for all categories of listeners at a high scientific and methodological level, as well as to improve the skills of those who already teach. To strengthen the coaching potential of judge-teachers and ensure a unified approach to teaching the developed training courses in all regional branches, in 2023, the National School of Judges of Ukraine held ten thematic trainings, which successfully trained 267 teachers (trainers).

In order to assess the training needs, the National School of Judges of Ukraine constantly sends inquiries to the courts, analyses proposals for updating training

course materials to update topics in standardised programmes, and updates the topics of training activities necessary for the training and professional development of judges and court staff. In 2023, the National School of Judges of Ukraine continued to focus on modernising the training of highly qualified judges. This process was aimed at ensuring the rule of law in the administration of justice under martial law, timely response to changes in criminal and criminal procedure legislation, other branches of law, the practice of national courts and the European Court of Human Rights.

In the training programmes for all categories of judges, including distance learning, a significant place was given to issues related to the consequences of Russian armed aggression against Ukraine: war crimes, crimes against humanity, compensation for damage caused by war crimes, and the qualification of crimes against the foundations of Ukraine's national security, the mechanisms for implementing criminal liability for war crimes, anti-corruption legislation, judicial ethics and disciplinary liability, and identifying topical issues in the application of the European Court of Human Rights case law in the course of legal proceedings. Training events were also held on the use of computer equipment in courts.

The implementation of new training modules to improve the quality and effectiveness of judicial education also continued. According to independent post-training surveys (feedback), the effectiveness of training activities has maintained a positive trend and averages 90 per cent. Due emphasis was placed on the development of blended and distance learning, and on the development of new courses and manuals for teacher-trainers and future judges.

The National School of Judges of Ukraine is a member of the International Organisation for Judicial Training (IOJT), which unites 136 judicial and prosecutorial training institutions from 85 States. The management of the National School of Judges of Ukraine always participates in the IOJT conferences on judicial education held every two years. This traditional event is scheduled for the autumn of 2024, to be held in Seoul, South Korea. The National School of Judges of Ukraine has also observer status in the European Judicial Training Network (EJTN). After the Russian aggressive intervention, this organisation was the first one to express support for Ukraine and respond to the needs of the NSJU in relation to wartime challenges.

The National School of Judges of Ukraine has made significant efforts to strengthen and deepen international cooperation, further develop inter-judicial dialogue to implement international legal standards for judicial training, and learn from the experience of European countries on issues of liability for international crimes and the application of international humanitarian law by courts. This made it possible to involve well-known foreign experts in teaching: academics, judges, retired judges of the International Criminal Court, judges and prosecutors from leading European countries and special war crimes tribunals.

In cooperation with international institutions and legal projects, the National School of Judges of Ukraine developed a Comprehensive Plan for Improving the

Professional Competence of Judges in War Crimes Cases, which combines the efforts of the United States Agency for International Development (USAID) - the leading agency - and the EU's International technical assistance (ITA) projects, the Council of Europe, the European Network for Judicial Education, and other ITA projects. The development of a Certificate Standardised War Crimes Training Programme (CSTP) is also underway, involving foreign experts - co-authors of the Judge's Handbook on Trial of International Crimes, as well as national experts from the C24 Advisory Council.

During 2023, a series of trainings for judges had been held in the cities of Warsaw and Krakow (Poland). In May, introductory and in-depth training on cybercrime and electronic evidence was held for Ukrainian judges in the city of Bucharest (Romania).

The National School of Judges of Ukraine continues to actively develop its relations:

- a *Memorandum of Cooperation* was signed with the *Lawyers for International Development Charitable Organisation*, which cooperates with the National School of Judges of Ukraine within the framework of the project "Development of Judicial Competencies in Ukraine" with the financial support of the UK Government on international criminal law. The project, which took place in Warsaw, Poland, involved British experts with experience in administering justice in international criminal courts and tribunals. 104 Ukrainian judges underwent training.

- a *Memorandum of Cooperation* was signed with *Management Systems International company*, which is implementing the project "Support to Anti-Corruption Leadership Organisations in Ukraine "Interaction".

- During the General Assembly of the European Judicial Training Network (EJTN), a *Memorandum of Understanding* was signed with the *Training Center for Judges and Prosecutors of the Kingdom of the Netherlands*, with which the National School of Judges of Ukraine has already held a number of training events during the reporting year.

- a *Memorandum of Understanding* was signed with the *Italian Higher School of Justice*. A meeting was held between the two institutions to determine the areas and further steps of cooperation for the next year.

- The *International Academy of the Nuremberg Principles*: areas of cooperation were identified, and a webinar for judges was held to share experience in the trial of war crimes in Ukraine and Germany. Cooperation with the Academy will continue next year.

- The *Centre for Training of Judges and Prosecutors of the Federation of Bosnia and Herzegovina*, with the participation of the *AIRE Centre (London)*, discussed possible areas of cooperation, namely:

1) organisation of various thematic training events to exchange experience in

the investigation and trial of war crimes cases by national courts, in particular in Bosnia and Herzegovina, and the challenges faced by Ukrainian courts in considering relevant cases;

2) involvement of Ukrainian judges in the activities of the Western Balkans Advisory Network on Gender-Based Violence in Military Conflict;

3) the practice of the European Court of Human Rights in cases involving war crimes.

-The *Forsyth County Sheriff's Office (USA)*: as a result of the meeting, a training on “Stress Management through the Prism of Chaplaincy” was held to support the qualifications of the chairmen and deputy chairmen of appellate courts, local general, commercial, and district administrative courts.

→ further strengthen the anti-corruption efforts, in particular at the high-level, through proactive and effective investigations, as well as a credible record of prosecutions and convictions; to finalise the appointment of the new head of the Specialized Anti-Corruption Prosecutor's Office by approving the selected successful candidate and to start and complete the process of selecting and appointing the new Director of the National Anti-Corruption Bureau of Ukraine

During 2023, prosecutors of the SAPO delivered notices of suspicion in criminal offences to 257 persons in the course of pre-trial investigation, including members of the Ukrainian Parliament, judges, the Head of the Supreme Court (against whom an indictment was passed to the court in 2024), the Head of the State Judicial Administration, members of city councils, directors of state-owned enterprises and others.

In January-March 2024, 72 persons were notified of suspicion, including a judge, the head of a regional council, a tax official, a former MP, and others. During 2023, prosecutors of the SAPO also submitted indictments against 234 persons in 100 criminal proceedings for consideration by the court. Among them: 9 judges, 9 MPs, 5 Category A officials, 7 members of the Cabinet of Ministers of Ukraine and their deputies, 1 prosecutor, 12 heads of largest business entities, and others.

Between January and March 2024, 33 indictments against 65 persons were submitted to court. Among them are judges, heads of state-owned enterprises, the Head of the Supreme Court and others. Also, in 2023, significantly increased the number of civil proceedings brought to recognise assets as unjustified. In particular, SAPO prosecutors filed 7 lawsuits in 2023, 2 granted and ordered to return UAH 3.7 million for state revenue. Notably, in January-March 2024, the court granted two lawsuits brought by SAPO prosecutors to recognise assets of over UAH 5 million as unjustified.

Currently, the electronic management system for the NABU, SAPO and HACC still needs to be fully integrated with the Unified Register of Pre-trial Investigations

and the Unified Judicial Information and Telecommunication System. The iCase system is in the process of being implemented by the National Anti-Corruption Bureau of Ukraine, the SAPO and the High Anti-Corruption Court of Ukraine. The iCase system has been integrated with the Unified Register of Pre-trial Investigations as well as the introduction of criminal proceedings into the iCase system. The system is now approving requests and sending them to the HACC, namely: the option of submitting a search warrant to the court has been implemented.

FIGHT AGAINST CORRUPTION

Answers to the Guiding Questions

1. STRATEGIC DOCUMENTS

- *Does the country have a comprehensive corruption strategy and a multi-annual action plan resulting from a wide consultation, including civil society and relevant stakeholders?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *Are activities and timelines realistic? Are responsible actors/bodies identified? Is there a budget set aside for the implementation? Are there any result or impact indicators?*

Are there any result indicators? (question was not covered by previous reporting)

Yes, result indicators are defined by Anti-Corruption Strategy 2021-2025 and State Anti-Corruption Programme 2023-2025.

Strategy and Programme indicate 72 problems and 272 *expected strategic results*, the achievement of which will ensure the solution of these problems.

Are there any impact indicators? (question was not covered by previous reporting)

Strategy defines general indicators of the effectiveness of implementing the Anti-Corruption Strategy 2021-2025, based on which NACP will evaluate the overall *impact* of these program documents on the situation with corruption in Ukraine after the completion of the implementation period.

The assessment of the overall effectiveness of the implementation of the Anti-Corruption Strategy and the implementation of the Programme is carried out, in particular, according to the *following indicators*:

- the state of implementation of the measures provided for by the Program;
- increasing the position of Ukraine in the rating of the Corruption Perception Index;
- an increase in the share of the population that has a negative attitude towards corruption;
- decrease in the share of the population that had its own experience of corruption;
- increasing the number of citizens who are ready to report the facts of corruption, as well as citizens who have reported the facts of corruption that

happened to them to the competent authorities.

- ***Is there a robust monitoring/evaluation mechanism methodology and staffing or is there a mid-term review planned and is there an impact assessment planned at the end of the implementation to see whether the strategy/action plan generated tangible results?***

Is there staffing?(question was not covered by previous reporting)

Coordination and evaluation of the Strategy and Programme shall be performed by the Anti-Corruption Policy Department. It is established in the National Agency on Corruption Prevention with a staff of 21 persons. As of today, there are 2 vacancies.

At the same time, such human resources are insufficient. Primarily, this is because the personnel responsible for monitoring and evaluating the Strategy and Programme until 2025 will also be tasked with developing the next anti-corruption strategy effective from 2026. Given the need to identify priority areas of the Anti-Corruption Strategy, coordinate with authorities and advocate the draft in the Parliament, these processes should be launched in 2024 alongside the monitoring and evaluation of the current Strategy and Programme.

For other questions, the information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are there a dedicated activities to address GRECO, OECD and UNCAC relevant recommendations, as well as policy/sectorial action plans for areas particularly vulnerable for corrupt practices e.g. public procurement, privatisation, large budgetary expenditure, construction, land-use planning, health, education, police, customs, justice, taxation, local administration, financing of political parties.***

Are there dedicated activities to address GRECO, OECD and UNCAC relevant recommendations? (question was not covered by previous reporting)

Yes, Anti-Corruption Strategy 2021-2025 and State Anti-Corruption Programme 2023-2025 identifies numerous expected strategic results and measures aimed at implementing the recommendations of GRECO, OECD and UNCAC, namely expected strategic results¹¹ 1.3.2.2 ,1.3.2.3., 1.3.4.1., 2.1.3.4., 2.1.3.6., 2.1.4.5., 2.1.5.1., 2.1.5.2., 2.1.5.3., 2.2.4.1, 2.2.4.2., 2.4.1.5, 2.4.3.1., 2.4.4.1., 2.4.1.6.,3.3.1.2, 3.3.2.3.

For other questions, the information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

¹¹ See Annex 1 to the Programme “Expected strategic results” - <http://surl.li/smvid>.

2. LEGAL FRAMEWORK

- ***Is there a clear definition of corruption (passive and active)?***

The information provided by Ukraine as part of 2023 Enlargement Package remains relevant.

- ***Does the criminal code criminalise the following offences: bribing national and international public officials, embezzlement, misappropriation or other diversion by a public official, trading of influence, abuse of office; bribery and embezzlement in the private sector, laundering of proceeds of crime, concealment and obstruction of Justice?***

The information provided by Ukraine as part of 2023 Enlargement Package remains relevant.

- ***Has the country criminalised illicit enrichment?***

The information provided by Ukraine as part of 2023 Enlargement Package remains relevant.

- ***All enlargement countries apart from Kosovo are party to the Council of Europe Anti-corruption Conventions (criminal and civil). When did the last round of monitoring occur and what were the main recommendations from GRECO? Hence, has the country met all GRECO recommendations?***

The latest evaluation of Ukraine within the framework of the 4th round of evaluation "Prevention of corruption among members of parliament, judges and prosecutors" was conducted during the 93rd plenary meeting of GRECO, which took place from March 20 to March 24, 2023 in Strasbourg, France. In this regard the information provided by Ukraine as part of 2023 Enlargement Package on implemented, partially implemented and unimplemented recommendations according to GRECO remains relevant.

Additionally, it should be noted that in March 2024, the NACP completed and dispatched a Self-Assessment Report to the GRECO Secretariat, providing an overview of Ukraine's progress in implementing GRECO recommendations during the course of 2023.

- ***To which extent has the country aligned its legislation to UN Convention against Corruption (UNCAC), Merida 2003 PDF 31/10/2003?***

The information provided by Ukraine as part of 2023 Enlargement Package remains relevant.

- ***Has the country aligned its legislation with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and OECD 2021 Recommendation for Further Combating Bribery of Foreign Public Officials in International Business Transactions.html?***

Currently, corresponding amendments to the Criminal, Criminal Procedure, Tax Codes, and other legislative acts are being prepared for the full implementation of the norms of the Convention and Recommendations of the OECD Council. This is being done within the framework of the Working Group on the development of proposals for the participation of Ukraine in the Working Group on Anti-Bribery in International Commercial Transactions of the OECD, which was formed by the Decree of the President of Ukraine No. 539 of July 28 2022.

In June - September 2023 - the second concept of corporate responsibility reform was developed. Presented and discussed at the Global Dialogue of the OECD Anti-Bribery Working Group in October 2023, it was positively received.

In October - February 2023 the draft legislative amendments were adapted to the new approach. The second round of consultations on the draft was held. As for today the draft law will soon be sent for approval to other state agencies.

- ***Has the country aligned itself to the basic EU acquis?***

No relevant developments during the reporting period.

- ***Are there clear and adequate (e.g. is the sanctioning regime deterrent) legal/administrative provisions regulating:***

- ***The prevention and sanctioning of conflicts of interest?***
- ***The declaration and verification of assets?***
- ***Financing of political parties and electoral campaigns?***
- ***Lobbying?***
- ***Access to information?***
- ***The systems for the recruitment, hiring, retention, promotion and retirement of civil servants and, where appropriate, other non-elected public officials?***
- ***The protection of whistle-blowers (in the public and private sector)?***

The normative and legal regulation of declaration, as well as verifications of property status

On September 20, 2023 the Parliament adopted the Law of Ukraine No. 3384-IX “On Amendments to Certain Laws of Ukraine Regarding the Procedure for Submission of Declarations by Persons Authorized to Perform State or Local Self-Government Functions in Times of Martial Law” after reconsideration regarding the

proposals of the President of Ukraine. This Law reintroduced mandatory declaration and verification of declarations and came into force on October 12, 2023.

Also, on December 8, 2023 the Parliament passed the Law of Ukraine “On Amendments to the Law of Ukraine "On Prevention of Corruption" to bring certain provisions in line with the conclusions of the European Commission on Ukraine” No. 3503-IX that cancelled ungrounded restrictions of National Agency`s on Corruption Prevention powers on verification of assets acquired before the person was elected or appointed to a position requiring declaration, as well as restrictions on repetitive verification of declarations.

The normative and legal regulation of financing of political parties and electoral campaigns.

Regarding the financing of political parties and election campaigns, on August 23, 2023, the Parliament passed Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Regarding the Minimization of Potential Oligarchic Influence on Political Parties, Improvement of Mechanisms of State Financing, and State Control over the Activities of Political Parties" No. 3337-IX. This law enables the National Agency on Corruption Prevention to exercise state control over the activities of political parties.

The normative and legal regulation on lobbying.

On February 23, 2024 the Parliament adopted the Law of Ukraine No. 3606-IX “On Lobbying”, which was developed pursuant to the recommendations provided within the framework of the fourth round of GRECO assessment "Corruption prevention in respect of members of parliament, judges and prosecutors", State Anti-Corruption Strategy for 2021-2025 and State Anti-Corruption Programme for 2023-2025, Order of the Cabinet of Ministers of Ukraine on the prevention of threats to national security, associated with excessive influence of persons having significant economic or political weight in public life (oligarchs).

This law regulates rights and obligations of lobbyists, as well as provides for introduction of the Transparency Register with the relevant information on lobbying activities within six months after the law comes into force.

For other questions, the information provided by Ukraine as part of 2023 Enlargement Package remains relevant.

3. INSTITUTIONAL FRAMEWORK

A. PREVENTION

- *Is there a robust anti-corruption agency/body, overseeing the fight against corruption and co-ordinating activities (Strategy/Action Plan)?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Does it have sufficient budget, staffing, equipment and a clear mandate?***

Does it have a sufficient budget?

Financial resources are sufficient and allow the NACP to perform the main tasks and functions envisaged by the Law of Ukraine "On Prevention of Corruption".

At the same time, according to Article 6 of the UNCAC remuneration is one of the guarantees of anti-corruption body independence. Present remuneration levels within the NACP do not allow achieving this guarantee, thus there is a need for a significant increase in salaries in accordance with the principles outlined in the UNCAC.

2023

In accordance with the Law of Ukraine "On the State Budget of Ukraine for 2023" (as amended), the NACP has budgeted for expenses corresponding to 96,3 % of the clarified need of which:

1) 416 076,0 thousand UAH, or 90,4% of the need, has been allocated under budget programme 6331010 "Ensuring the activities of the NACP";

2) according to budget programme 6331020 "Financing of statutory activities of political parties", expenses were provided in full in the amount of 753 382,7 thousand UAH;

3) according to budget programme 6331030 "Implementation of anti-corruption strategies", expenses were provided in full in the amount of 1 740,7 thousand UAH.

2024

In accordance with the Law of Ukraine "On the State Budget of Ukraine for 2024", the NACP has budgeted for expenses corresponding to 95,2 % of the clarified need of which:

1) 449 535,1 thousand UAH, or 87,2 % of the need, has been allocated under budget programme 6331010 "Ensuring the activities of the NACP";

2) according to budget programme 6331020 "Financing of statutory activities of political parties", expenses were provided in full in the amount of 840 526,6 thousand UAH;

3) according to budget programme 6331030 "Implementation of anti-corruption strategies", expenses were provided in full in the amount of 15040,7 thousand UAH.

Does it have sufficient staffing?

The maximum number of employees for the NACP is 408 people. As of March 30, 2024, the actual number of employees in employment relationships was 363, which is 89% of the total staffing level.

For other questions, the information provided by Ukraine as part of 2023 Enlargement Package remains relevant.

• *Does it enjoy the necessary independence? Is it protected from political influences? Are there examples illustrating that it is put under undue influence pressure?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Is it able to rely on other agencies for obtaining data? Is it well connected with the law enforcement bodies and receives feedback on potential cases handed over to these bodies? Is the non-delivery of requested data punishable in proportionate and strong enough repulsive manner?*

Is it well connected with the law enforcement bodies and receives feedback on potential cases handed over to these bodies?

2023

Yes. During January 2023 - December 2023, as a result of comprehensive verifications and monitoring of lifestyle, the NACP directed and received information on the following outcomes:

1) 17 substantiated conclusions regarding the identification of signs of a criminal offense related to corruption under Art. 366-2 of the Criminal Code (submission of false information) of which:

- 10 substantiated conclusions entered into the Unified Register of Pre-trial Investigations (URPTI);

- 7 conclusions being processed.

2) 14 substantiated conclusions regarding the identification of signs of a criminal offense related to corruption under Art. 368-5 of the Criminal Code, of which:

- 6 were included in criminal proceedings,

- 4 had information entered into the URPTI,

- 4 are being processed by law enforcement agencies.

3) 4 substantiated conclusions regarding the identification of signs of a criminal offense under Art. 210 of the Criminal Code of Ukraine.

4) 6 substantiated conclusions regarding the identification of signs of a criminal offense under Art. 191 of the Criminal Code of Ukraine.

5) 6 notifications of the commission of criminal offenses under Part 2 of Art. 159-1 of the Criminal Code of Ukraine to the National Police of Ukraine.

The NACP also sent 33 materials to the SAPO with signs of unjustified assets.

Based on these materials, the SAPO prepares a claim for recognition of unjustified assets, and the HACC reviews cases on recognition of unjustified assets and their recovery for the state.

Based on the results of processing the above materials, 3 lawsuits were filed with the HACC, which are currently under consideration:

- On January 31, 2023, the NACP sent a letter to the SAPO regarding the Deputy Head of the Department of the Lviv-Pivnichny Customs Post of the Galician Customs of the State Customs Service of Ukraine regarding the acquisition of an unjustified asset, in the form of an apartment worth UAH 1,862,336.00, received from her mother. On August 24, 2023, the HACC ruled to satisfy the SAPO's claim, and on November 2, 2023, the HACC Appeals Chamber upheld the decision of the first instance HACC to declare the assets unjustified and to recover them for the state.

- On February 17, 2023, the NACP sent a letter to the SAPO regarding the Head of Customs Clearance Department of the Odesa Automobile Customs Post of the Odesa Customs regarding the acquisition of an unjustified asset in the form of an apartment and two parking spaces worth UAH 2,830,000.00 received from her mother as gifts. On January 25, 2024, the HACC ruled to satisfy the SAPO's claim and declare the assets unjustified and recover them for the state.

2024

Between January 2024 and March 2024, based on the results of full verifications, control over the completeness of declarations, lifestyle monitoring and other control functions, the NACP sent and received information on the results of the review:

1) 12 substantiated conclusions on detecting signs of a criminal offense related to corruption under Art. 366-2 of the Criminal Code (declaration of false information)

2) 7 substantiated conclusions on detecting signs of a criminal offense related to corruption under Article 368-5 of the Criminal Code of Ukraine, of which:

- 4 were attached to criminal proceedings,
- 2 were registered in the URPTI under Art. 368-5 of the Criminal Code,
- 1 is under consideration by the law enforcement agency;

3) 5 substantiated conclusions on detection of signs of a criminal offense under Article 191 of the Criminal Code of Ukraine, of which 3 criminal proceedings were opened;

4) 2 reports directed to the National Police on criminal offenses under Part 2 of Article 159-1 of the Criminal Code of Ukraine.

The NACP also sent 2 materials to the SAPO with signs of unjustified assets, of which 1 claim was filed with the HACC and 1 material is under consideration by the SAPO.

For other questions, the information provided by Ukraine as part of 2023 Enlargement Package remains relevant.

• ***Has the Agency/Commission/Department or any other authority operational responsibilities (including the power to start administrative investigations) related to asset declarations and verifications, conflicts of interest, political party financing, lobbying (keeping register)? Cooperation/exchanges with law enforcement/prosecution?***

Yes, it has.

Verification of declarations and implementation of other financial control measures

The NACP did not carry out full verifications and controls regarding the completeness of declarations since March 7, 2022 (since the entry into force of Law of Ukraine "On Protection of the Interests of Subjects of Submission of Reports and Other Documents During the Period of Martial Law or State of War" dated 03.03.2022 No. 2115-IX).

On September 20, 2023 the Parliament of Ukraine adopted the Law of Ukraine "On Amendments to Certain Laws of Ukraine on Determining the Procedure for Submitting Declarations of Persons Authorized to Perform State or Local Government Functions under Martial Law" No 3384-IX, which provides for the resumption of declaration.

As of March 31, 2024, 296 full verifications of declarations are underway.

Monitoring and control over compliance with conflict of interest

Between January 2023 and March 2024, the NACP identified 29 violations of legislation on ethical behaviour, prevention and settlement of conflicts of interest, which became the basis for the relevant response acts:

- 14 substantiated conclusions were sent to the National Police of Ukraine to identify signs of administrative offenses related to corruption;

- 15 substantiated conclusions were sent to law enforcement agencies to identify signs of criminal offenses.

Control over the legality and transparency of funding of political parties and election campaigns; distribution of funds for financing the statutory activities of parties

On December 26, 2023, the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on Improving State Financing and Control over the Activities of Political Parties" No. 3337-IX came into force.

It restores the obligation for political parties to submit reports and the obligation of the NACP to verify the reports.

According to the law, parliamentary parties should submit reports for 2020-

2022 by March 26, 2024, and other parties should submit reports by April 26, 2024. It also provides for specifics of submission of reports for 2023, depending on the option of submission (quarterly or annual) and on the right to state funding: it can be March 26, 2024 or April 26, 2024.

For 2020, political parties should submit reports in paper form, as well as electronically with personal data protected. For other years, they should submit reports exclusively to the POLITDATA register. Among the changes, political parties can choose to submit quarterly or annual reports for the period 2020-2023.

See results in the answer to guiding question 4 of subdivision 4. Results (Annual).

Implementation of legislation on lobbying in Ukraine

On 23.02.2024, the Law of Ukraine "On Lobbying" No.3606-IX was adopted. According to the Law, the Transparency Register is created to provide free public access to up-to-date and reliable information on lobbying entities and their reporting.

In accordance with the provisions of the Law, the Transparency Register will be created by the Cabinet of Ministers of Ukraine within 6 months from the date of entry into force of the Law.

The Transparency Register will be maintained by the NACP, which will be the holder and administrator of this register.

Cooperation/exchange with law enforcement agencies/prosecutors?

The NACP cooperates and exchanges information with law enforcement agencies and the prosecutor's office on a regular basis. See answer to guiding question 4 of subdivision 3. Institutional framework A.Prevention.

• *Are declarations of assets made public and are they pro-actively used as a tool to undercover illicit wealth?*

Yes, declarations of assets are mostly public.

The Law of Ukraine No. 3384-IX dated September 20, 2023 restored the powers of the NACP to perform financial control functions and at the same time provided for the need to restore public access to the Register of declarations, with certain exceptions.

In particular, for the period of martial law, there are grounds and certain categories of declarants whose declarations are removed from the public part of the Register based on the relevant submission of the head of the body (clauses 2-11 of Section XIII "Final Provisions" of the Law of Ukraine "On Prevention of Corruption").

Pursuant to Law No. 3384-IX, the Procedure for Removing the Declaration of a Person Authorized to Perform the Functions of the State or Local Self-Government from Public Access was developed, approved by the Order of the NACP dated

October 12, 2023 No. 221/23.

As of the reporting date, the NACP ensured the withdrawal of declarations of the declarants based on submissions from the heads of the bodies.

On the use of declarations as a tool for concealing illicit enrichment

An integral part of the Registry's software is logical and arithmetic control, which is based on a set of configuration settings aimed at identifying inconsistencies in the declaration, concealment of assets, and establishing signs of unjustified assets or illicit enrichment. Logical and arithmetic control is applied to all submitted declarations.

- ***Are Codes of ethics in place (justice, public service, elected officials)?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are integrity plans in place in key parts of the public administration?***

The NACP has developed:

- Order dated 15 January, 2024 No. 22/24 “On Amendments to the Order of the NACP dated December 28, 2021 No. 830/21”, which approved the Model Anti-Corruption Program (Integrity Program) of a legal entity;

- Order dated 22 January, 2024 No. 32/24 “On taking into account the comments made by the state registration authority to the Order of the NACP dated January 15, 2024 No. 22/24”.

For other questions, the information provided by Ukraine as part of 2023 Enlargement Package remains relevant.

- ***Are risk assessments carried out (especially in vulnerable areas within the public administration)?***

Corruption risk surveys

The following corruption risk studies were conducted between June 2023 and March 2024:

- Top-20 corruption risks in the activities of JSC "Ukrzaliznytsia: <https://nazk.gov.ua/wp-content/uploads/2023/06/UZ.pdf>;

- Corruption risks in the procedure of medical technologies evaluation: <https://nazk.gov.ua/wp-content/uploads/2023/06/doslidzhennya-OMT-2023.pdf>;

- Corruption Risks in the Reconstruction of Real Estate Damaged/Destroyed as a Result of the Armed Aggression of the Russian Federation: Modelling and Proposals for their Minimization/Elimination: <https://nazk.gov.ua/wp->

[content/uploads/2023/06/vidbudova.pdf](https://nazk.gov.ua/wp-content/uploads/2023/06/vidbudova.pdf);

- Analytical Report on Strategic Assessment of Corruption Risks in the Activities of State-Owned Enterprises and Identification of Enterprises with the Highest Level of Corruption Risks <https://nazk.gov.ua/wp-content/uploads/2023/09/ANALITYCHNYJ-ZVIT.pdf>;

- Corruption Risks in the Implementation of the Procedure for Suspension/Renewal of Registration of Tax Invoices/Adjustment Calculations in the Unified Register of Tax Invoices <https://nazk.gov.ua/download-controller/?sid=6402&a=inline&id=ba26d40d8d995ab03c852d68c04062412502b82325eb9809db0859c2ddaad67c24570291>;

- Corruption risks in the Procurement of Medicines and Medical Devices Caused by the Pandemic or Carried Out During the Pandemic https://nazk.gov.ua/wp-content/uploads/2023/10/Koruptsijni-ryzyky_zakupivli-likarskyh-zasobiv-ta-medychnyh-vyrobiv-pid-chas-pandemiyi.pdf;

- Top 20 Most Common Corruption Risks in the Activities of the Military Qualification Commission of the Armed Forces of Ukraine <https://nazk.gov.ua/uk/oborona/>.

• ***Are internal control and audit bodies in place and do they regularly perform checks and report on these (including National Audit office)?***

Is state financial control regularly carried out?

Yes, financial control is carried out regularly. State financial control is regularly carried out by the State Financial Monitoring Service of Ukraine and the Accounting Chamber.

During January 2023 - December 2023, the bodies of the State Financial Monitoring Service of Ukraine conducted 713 inspections (revisions) and 395 procurement checks, 12.2 thousand procurement monitoring, 205 state audits, namely: 47 audits of local budgets, 36 audits of the implementation of budget programmes and 122 audits of business entities.

During January 2024 - February 2024, the bodies of the State Financial Monitoring Service conducted 119 inspections (revisions) and 44 procurement checks, 2.2 thousand procurement monitoring, 41 state financial audits, including: 11 audits of local budgets, 8 audits of the implementation of budget programmes and 22 audits of business entities.

On the implementation of state external financial control (audit) measures by the Accounting Chamber, see answers to questions of Chapter 32: Financial Control - Internal control / Financial Management and Control (FMC) implementation.

Do internal control and audit bodies regularly carry out inspections and report on them?

Internal audit activities are organized in all Public Authorities that functioned

(exercised powers) in the reporting period and are subject to the requirements of the Resolution of the Cabinet of Ministers of Ukraine dated September 28, 2011 No. 1001 "Some issues of internal audit and formation of internal audit units" and the Procedure approved by it (hereinafter - Order No. 1001). In particular, internal audit units (or corresponding positions) were established in the apparatuses of 125 Public Authorities.

A total of 118 state bodies (ministries and other central bodies of executive power, regional and Kyiv city state (military) administrations, other main managers of state budget funds) reported to the Ministry of Finance of Ukraine on the results of internal audit units in accordance with the requirements of Order No. 1001.

At the same time, the Ministry of Finance of Ukraine has not received reports on the results of the internal audit unit for 2023 according to form No. 1-DVA, approved by the order of the Ministry of Finance No. 347 dated March 27, 2014 and registered in the Ministry of Justice on April 11, 2014 No. 410/25187, from 7 state organs:

- The Accounting Chamber (informed about the independence of the body);

- The State Financial Monitoring Service of Ukraine, National Social Service of Ukraine, Khmelnytskyi Regional State Administration, Secretariat of the Commissioner for the Protection of the State Language, National Council for Television and Radio Broadcasting, National Academy of Educational Sciences of Ukraine (no reports were submitted in connection with the vacancy of internal auditor positions).

Despite the ongoing full-scale military aggression of the Russian Federation against Ukraine, in the reporting year, state bodies intensified the work of internal audit units and ensured an increase in both the number of conducted internal audits and performance indicators as a result of their conduct.

Thus, according to the submitted reports, in total, in 2023, internal audit units in the system of public authorities completed more than 1.46 thousand internal audits (compared to 1.1 thousand in 2022).

- ***Is there a policy in place to prevent corruption in the private sector, e.g. have accounting and auditing standards been introduced in the private sector?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are there regular awareness raising campaigns (e.g. is the concept of conflicts of interest well understood)?***

Yes, there are.

Information and awareness raising activities

In the period from June 2023 to March 2024, the NACP conducted a number of outreach and communication activities in the following areas:

Conflict of interest:

1) On November 28, 2023, a training workshop Resolving situations of conflict of interest and moral dilemmas for police officers was held (participants - heads of structural units of the National Police and the Patrol Police Academy, 50 participants);

2) On September 19, 2023, an information session Dealing with Conflicts of Interest was held for anti-corruption authorized persons;

3) On December 06, 2023, training on conflict of interest prevention was held for the State Inspection of Architecture and Urban Development of Ukraine (100 participants);

4) On February 13, 2024, training was conducted for representatives of local governments at the request of the Associations of Local Governments (30 participants);

5) On October 13, 2023, a training and practical event was held to improve knowledge in the field of anti-corruption legislation for the territorial department of the Economic Security Bureau in Kyiv (50 participants);

6) An online course Conflict of Interest: from Identification to Settlement was developed and launched on Study.nazk on August 28, 2023 (918 people received certificates).

Asset declaration

1) Trainings on Peculiarities of Declaration During Martial Law were held for employees of the NACP`s staff and territorial divisions (102 participants) on June 20, 2023, representatives of the Ministry of Foreign Affairs on July 25, 2023 and political parties: the Batkivshchyna parliamentary faction on July 14, 2023, and the Servant of the People parliamentary group on July 25, 2023;

2) 22 training sessions on declaration for anti-corruption authorized persons (over 2884 participants);

3) After the resumption of declaration, 12 training events on Electronic Declaration were held for MPs, employees of the Secretariat of the Cabinet of Ministers of Ukraine, members of the Accounting Chamber, Kharkiv branch of the National School of Judges, members of the HQCJ, Medical and social expert commission, medical advisory commissions, representatives of local self-government bodies and others (2338 participants, 56,000 views);

4) In February 2024, Checklist How to prepare for filing an electronic declaration was developed.

Political party reporting:

1) On November 15, 2023, an informational online seminar (Resumption of political party reporting and other legislative changes: what do parties need to

know?) was held (more than 100 representatives from 50 political parties from different regions of Ukraine participated);

2) On January 24, 2024, an online event was held on the topic: POLITDATA from A to Z: Training on submission of reports by political parties in electronic form through the register (more than 100 representatives of 50 political parties from different regions of Ukraine participated).

Anti-corruption legislation and integrity:

1) On July 20, 2023, a Forum of Honest Communities was held in partnership with the U-LEAD with Europe Program, dedicated to integrity at the local level and its important role in Ukraine's path to European integration, particularly through honest public service and the important role of public servants (60 participants, with live streaming and 501 online views).

2) On September 28, 2023, a lecture on anti-corruption legislation was held for the National Academy of Internal Affairs of the Ministry of Internal Affairs of Ukraine (300 participants).

3) On October 4, 2023, a webinar presentation Integrity in the Judiciary was conducted (judges, representatives of the National School of Judges) (50 participants).

4) On October 31, 2023, an outreach Integrity in Practice: Important Issues from Police Officers was held (8000 participants).

5) On November 20, 2023, a webinar titled Who in the Organization Is Responsible for Integrity? was conducted (260 participants).

6) On December 20, 2023, a workshop brainstorming session Can Integrity Be Taught? was conducted (30 participants).

7) 25 educational events on building integrity for schools, youth, and educators were held, with 1749 participants.

Developed online courses:

1) Building Ethical Organizations (16,776 individuals received certificates) released on Study.nazk on December 27, 2023.

2) Newcomer to Public Service (20,177 individuals received certificates) released on Study.nazk on January 2, 2024.

3) How the State Interacts: Learn, Communicate, Change (24,076 individuals received certificates) released on Study.nazk on February 5, 2024.

A comprehensive educational program Ethical Governance has been developed and implemented.

The program includes the following courses:

1) Ethical Public Service (38,916 individuals received certificates) released on June 6, 2023.

2) Ethical Community (4,257 individuals received certificates) released on July 17, 2023.

3) Ethical Police (17,675 individuals received certificates) released on August 31, 2023.

4) Ethical Judicial Authority (326 individuals received certificates) released on September 25, 2023.

5) Ethical Legislators (69 individuals received certificates) released on November 24, 2023.

Methodological recommendations and guidelines

During the period from June 2023 to March 2024, the NACP has developed the following methodological recommendations and guidelines:

Conflict of interest:

Methodological recommendations on the application of certain provisions of the Law of Ukraine "On Prevention of Corruption" regarding the prevention and resolution of conflicts of interest, compliance with restrictions to prevent corruption, dated January 12, 2024, No. 2.

Asset declaration:

Guidelines on financial integrity: application of certain provisions of the Law of Ukraine "On Prevention of Corruption" regarding financial control measures - declaration submission, notification of significant changes in asset status, notification of opening a foreign currency account (dated November 13, 2023, No. 4).

Political parties reporting:

1) Methodological guidelines How to Increase the Integrity of Political Parties: 10 Tips from NACP (dated November 6, 2023);

2) Guideline regarding the restoration of reporting by parties (dated December 1, 2023);

3) Guideline regarding the funding and reporting submission of political parties to the POLITDATA Register (dated December 27, 2023, No. 6).

• ***Are citizens made aware on how to report irregularities and are complaint mechanisms easily accessible? Do complaints receive the necessary follow up?***

Are citizens made aware on how to report irregularities?

There are a variety of tools available to inform citizens about how to report irregularities.

On June 7, 2023, the Anti-Corruption Research and Education Centre (ACREC) and the NACP held the third annual conference Whistleblowers in

Ukraine: Successes and Challenges. The discussion focused on issues related to whistleblowing during wartime and post-war reconstruction, as well as the implementation of the Anti-Corruption Strategy for 2025 and the State Anti-Corruption Programme for 2023-2025 in the context of protecting whistleblowers' rights.

From November 16 to 24, 2023, training was conducted as part of the professional certification program Prevention of Corruption and Promotion of Integrity. This program included a training module on Working with Corruption Reports and Whistleblower Protection, with 75 individuals receiving certificates upon completion.

On December 8, 2023, a forum titled Unified Whistleblower Reporting Portal - A Digital Tool for Implementing the Whistleblower Institution in Ukraine took place.

On December 28, 2023, an online course titled Working with the Unified Whistleblower Reporting Portal was launched on Study.nazk, with 386 individuals receiving certificates upon completion.

Additionally, the NACP has developed an updated Practical Guide on Working with Whistleblowers for authorized units (authorized persons) responsible for preventing and detecting corruption.

Currently, the process of connecting state institutions to the Unified Whistleblower Reporting Portal is ongoing.

Also citizens can report corruption to the NABU through various channels, including mail, in-person visits to reception centers, phone calls to the hotline, completing online forms, sending emails, or using the Unified Whistleblower Portal.

Do complaints receive the necessary follow up?

Yes, see answer to guiding question 9 subdivision 3. Institutional Framework B. Repression, answer to guiding question 7 of subdivision 4. Results (Annual).

For other questions, the information provided by Ukraine as part of 2023 Enlargement Package remains relevant.

• ***Is there sufficient training (e.g. on risk assessments) for staff of the anti-corruption agency/body and for various other bodies concerned?***

Is there sufficient training for staff of the anti-corruption agency?

Yes, there is. During January 2023 - March 2024, the employees of the NACP took part in 32 trainings on various topics, including:

- 2 trainings were devoted to the peculiarities of project management (23 participants);

- 4 trainings were devoted to the specifics of the communication, diplomatic etiquette and international cooperation (98 participants);

- 3 trainings - on the topic of systemic thinking (96 participants);
- 8 trainings were devoted to the specifics of the Securing Networks and Administering the Web Server (34 participants).

Is there sufficient training for staff of other bodies concerned?

NABU

According to the reporting data of the National Anti-Corruption Bureau of Ukraine (NABU) for the first and second halves of 2023, NABU employees underwent training to improve their qualifications through participation in 104 training sessions on various topics. These training sessions included:

- 6 training sessions focusing on improving managerial skills, attended by 23 employees.
- 98 training sessions dedicated to enhancing personal and professional skills, attended by 848 employees.

In March 2024, the Internal Control Department of the NABU conducted an offline training on financial control, the provisions of the Code of Professional Ethics for Employees of the NABU, and the requirements of ISO 37001:2016, which was attended by 334 employees of the National Bureau. The training explained the employee's responsibilities under Part 3 of Art. 27 of the Law of Ukraine "On NABU" and the Code of Professional Ethics of the National Bureau's employees, as well as the guarantees provided for in Part 4 of Art. 21 of the Law of Ukraine "On the NABU".

Also in 2023, a similar training was held for 33 employees who were newly appointed to positions in the NABU.

SAPO

During the reporting period, the level of competence of prosecutors of the Specialized Anti-Corruption Prosecutor's Office was increased with respect to problematic issues arising in the context of procedural guidance in corruption-related criminal proceedings. Thus, the SAPO prosecutors have improved their expertise through e-learning and seminars on various topics, such as: Legal analysis and legal writing, the use of civil confiscation; Investigation and collection of evidence regarding crimes committed using computer technology and the Internet; Cryptocurrency technologies and methods of investigating crimes involving digital assets; Legalisation ("money laundering") of illicit profits; Investigation of financial crimes, etc.

B. Repression

- *Is there is a good level of specialisation (e.g. did they receive specialised training?) to deal with economic and corruption related crimes at the level of*

- *the police/law enforcement authorities,*
- *the prosecution*
- *the courts.*

The NABU and the SAPO, as specially authorized entities in the area of anti-corruption, as well as the HACC, have the appropriate level of specialization to combat corruption criminal offenses and consider cases in the criminal justice system related to their commission. The information on specialized training within each of the mentioned bodies with the aim of deepening specialization to combat economic and corruption criminal offenses is provided below.

NABU

During the reporting period the NABU staff have improved their qualities (see information given to the Guiding Question 14 III. Institutional Framework A. Prevention).

SAPO

During the reporting period the SAPO prosecutors have improved their expertise through e-learning and seminars on various topics (see information given to the Guiding Question 14 III. Institutional Framework A. Prevention).

HACC

Judges and employees of HACC and Appeals Chamber of HACC participated in the following trainings on combating economic and corruption crimes:

- Actual issues on prevention and combating corruption. Legal provisions on conflict of interests and integrity in the judicial system. Number of participants - 9, training was organized on February 27, 2024;

- Impact - whistleblow, number of participants - 1, training was organized on December 8, 2023;

- Declare - 2022, number of participants - 1, training was organized on November 29, 2023;

- Integrity as a component of holding state office. Specific issues on the declaration process for 2021-2022 reporting period. Number of participants - 54, training was organized on December 20, 2023.

- Electronic evidence. Modern possibilities to collect and use electronic evidence according to the EU standards. Number of participants - 3, training was organized on August 31, 2023;

- Corruption prevention and ensuring integrity, number of participants - 19, trainings were organized on June 08, 2023, July 12, 2023, October 09, 2023, October 24, 2023, December 01, 2023;

- Prevention and counter of money laundering, financing of terrorism and proliferation of weapons of mass destruction, number of participants - 20, trainings were organized on February 16-23, 2024, March 22-29, 2024;

- Protection of whistleblowers: international standards and Ukrainian regulation. Different ways to report corruption. Number of participants - 24, training was organized on October 31, 2023;

- Understandable on conflict of interests, number of participants - 1, training was organized on January 12, 2024;

- Conflict of interests: from detection to settlement, number of participants- 2, trainings were organized on November 23, 2023, December 07, 2024;

- Lobbying and legislative tools, number of participants - 1, training was organized on August 23, 2023;

- Protection of whistleblowers' rights, number of participants - 1, training was organized on November 24, 2023;

- Restrictions on gifts. Prevention and settlement of conflict of interests. Number of participants - 28, training was organized on July 20, 2023;

- Strengthening of mechanisms for seizure and confiscation of assets obtained illegally, as well as methods of effective management of such assets: improvement of regional and inter-institutional cooperation, number of participants - 1, trainings were organized on June 17-24, 2023;

- Corruption risks management, number of participants - 1, training was organized on October 20, 2023;

- Anti-corruption infrastructure in Ukraine: capacity, management and cooperation of anti-corruption authorities, number of participants - 1, training was organized on October 12, 2023;

- Whistleblower according to law, number of participants - 1, training was organized on August 08, 2023;

- Integrity in judicial power, number of participants - 1, training was organized on September 27, 2023;

- Corruption prevention and integrity in public authorities, number of participants - 1, training was organized on September 25, 2023;

- Corruption prevention and integrity in state and local self-government service, number of participants - 1, training was organized on September 13-29, 2023.

• ***Do these specialised departments/bodies in the prosecution office enjoy the necessary independence when conducting investigations? Is their mandate clear and restricted to serious corruption cases? Do they have the necessary resources (financial, staff and material)?***

On December 08, 2023, the Law of Ukraine "On Amendments to the Criminal Procedure Code of Ukraine and Other Legislative Acts of Ukraine on Strengthening the Independence of the Specialized Anti-Corruption Prosecutor's Office" No. 3509-IX was finally signed by the President of Ukraine. The Law came into force on

January 01, 2024.

Order of the Prosecutor General No. 3 dated January 04, 2024 established the SAPO as a legal entity under public law.

By the Order of the Deputy Prosecutor General - Head of the Specialized Anti-Corruption Prosecutor's Office No. 52 dated March 19, 2024, the Specialized Anti-Corruption Prosecutor's Office as a legal entity under public law became operational effective from March 21, 2024.

The Law 3509-IX of December 08, 2023 stipulates that the staff of the SAPO shall amount to 15% as compared to the staff of the NABU, which was increased from 700 to 1000 persons by the Law 3502-IX of December 08, 2023. As of 4 April, 2024 there are 120 persons of SAPO staff, with 90 of them currently employed.

In fact, the adopted Law has strengthened the SAPO's autonomy and independence by improving the selection of the Head of the SAPO and key personnel, determining the level of salaries of prosecutors of the Specialized Anti-Corruption Prosecutor's Office holding executive positions, increasing the organizational and procedural autonomy of the SAPO and improving the accountability system, creating reliable mechanisms of external and internal scrutiny and discipline. Thus, it is intended to establish an internal control unit in the SAPO and to conduct an external independent evaluation (audit) of the SAPO's performance within the timeframe set by law.

At the same time, according to the information provided by the SAPO, there are problematic aspects of the SAPO's continuous and smooth running that have not been resolved by the adopted Law. In particular, Article 14 of the Law of Ukraine "On Operational and Investigative Activity" needs to be revised to specify as follows: "Supervision over the observance of laws during the conduct of search and investigation activities is carried out by prosecutors of the Specialized Anti-Corruption Prosecutor's Office empowered by order of the Deputy Prosecutor General - Head of the Specialized Anti-Corruption Prosecutor's Office".

Detectives of the National Anti-Corruption Bureau of Ukraine conduct pre-trial investigations of criminal offences under Articles 191, 206-², 209, 210, 211, 354 (in cases of officials of public law entities), 364, 366-2, 366-³, 368, 368-⁵, 369, 369-², 410 of the Criminal Code of Ukraine, where the criminal offence was committed by a member of the Ukrainian Parliament.

At present, information on MPs is entered into the Unified Register of Pre-trial Investigations on the basis of Article 482-2 of the Criminal Code of Ukraine: "information that may indicate the commitment of a criminal offence by a member of the Parliament of Ukraine shall be entered into the Unified Register of Pre-trial Investigations by the Prosecutor General (person who performs the duties of the Prosecutor General)".

Given that the Deputy Prosecutor General - Head of the Specialised Anti-Corruption Prosecutor's Office does not have the above mentioned powers, there is a need to legislate a similar right for him/her in order to strengthen procedural and

institutional independence.

As for the financial resources of the SAPO, the following should be emphasised.

The funds allocated by the Law of Ukraine "On the State Budget for 2024" for the functions of the Specialized Anti-Corruption Prosecutor's Office are insufficient. The amount of the planned funds was determined by the Government prior to the adoption of Law of Ukraine 3509-IX of 08.12.2023, without taking into account the increase in the SAPO staff and other costs required for independent functioning. Currently, the SAPO is underfunded by approximately UAH 76 million for 2024, which is 37% of the amount of expenditures envisaged for the institution for 2024.

• ***Is there a legal basis for cooperation between police and prosecution as well as with other relevant bodies?***

The information provided by Ukraine as part of 2023 Enlargement Package remains relevant.

• ***Are sanctions in place and implemented in case of obstruction or refusal to co-operate in the context of an investigation?***

Are sanctions in place for obstructing or refusing to co-operate in the context of an investigation?

Yes, the sanctions are foreseen, as it was previously reported.

Application of sanctions

During 2023, the courts of the first instance considered 11 cases of the commission of an administrative offense provided for in Art. 188-46 of the CAO (non-fulfilment of legal requirements (prescriptions) of the NACP regarding the elimination of violations of the legislation on the prevention and combating of corruption, failure to provide information and documents, as well as violation of the deadlines established by law for their provision, provision of knowingly inaccurate or incomplete information), and imposed 2 administrative fines. However, currently statistics do not make it possible to distinguish exactly how many of the cases mentioned and the penalties applied were related to the refusal to provide information.

Also, during 2023, 15 cases of the commission of an administrative offense provided for in Art. 185-13 of the CAO (failure to provide information to NABU, ESB, SBI, SSU at the request of their officials, provision of information that is knowingly unreliable or incomplete, violation of the deadlines established by law for its provision, notification of third parties that such information is being collected about them, or failure to comply with other legal requests of officials of the specified bodies) were considered and 2 administrative fines were imposed. Similar to the situation described in the previous paragraph, currently statistics do not make it

possible to distinguish exactly how many cases were considered and fines were imposed precisely in connection with the refusal to provide information.

- ***Is there a safe platform for communicating and is the access to the necessary data bases (respecting data protection rules) ensured (or there are other arrangements to exchange information)? How are the smooth exchange of information and the confidentiality of investigation ensured?***

The iCase system is in the process of being implemented by the National Anti-Corruption Bureau of Ukraine, the SAPO and the High Anti-Corruption Court of Ukraine. The implementation of the iCase and Unified Register of Pre-Trial Investigations integration functionality is recorded in the minutes of the meeting of the Technical Committee of the iCase system at NABU No. 12 of June 22, 2023.

According to the HACC Order No. 35 of November 17, 2023, the use of iCase was launched in the HACC on December 01, 2023. The HACC accepts through iCase only procedural documents (materials of criminal proceedings) in the category of cases "search of a person's home or other property" until the defense is able to use iCase. The HACC Order No. 7 of February 23, 2024 stipulates that the HACC also accepts procedural documents (criminal proceedings) in the category of cases "temporary access to things and documents" through iCase.

The system is now approving requests and sending them to the HACC, namely: the option of submitting a search warrant to the court has been implemented.

For other questions, the information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Has the country aligned its legislation with the Financial Task Force (FATF) recommendations?***

As of March 30, 2023, within the framework of the 5th round of mutual evaluation of the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), Ukraine received positive ratings for technical compliance with the FATF recommendations in the context of implementation of Article 14 of the UN Convention against Corruption.

In order to ensure compliance of anti-money laundering legislation with FATF and European Union standards, the Ministry of Finance of Ukraine has developed and adopted the following legal acts for the period from June 15, 2023 to March 31, 2024:

1) Law of Ukraine dated October 17, 2023 No. 3419-IX "On Amendments to the Law of Ukraine "On Prevention and Combating the Legalization (Laundering) of Criminal Proceeds, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction" Regarding Politically Significant Persons" (entered into force on October 29, 2023), the norms of which provide for bringing the

definition of publicly significant persons in line with international standards in the field of combating money laundering and terrorist financing (FATF recommendations and Directive (EU) 2015/849 of the European Parliament and of the Council of May 20, 2015 "On preventing the use of the financial system for the purposes of money laundering or terrorist financing, on amending the Regulation of the European Parliament and the Council (EU) No. 648/2012 and on the repeal of the Directive of the European Parliament and the Council 2005/60/EC and the Commission Directive 2006/70/EC");

2) Resolution of the Cabinet of Ministers of Ukraine dated June 16, 2023 No. 662 "On Approval of the Procedure for Supervision in the Field of Prevention and Counteraction of Legalization (Laundering) of Criminal Proceeds, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction on the Activities of Subjects of Primary Financial Monitoring, State Regulation and supervision over the activities of which are carried out by the Ministry of Finance of Ukraine, the Ministry of Justice of Ukraine, the Ministry of Digital Transformation of Ukraine" (entered into force on July 4, 2023), the rules of which introduce a mechanism for state supervision of specially defined subjects of primary financial monitoring by conducting checks on compliance with legislation in the field prevention and counteraction of legalization (laundering) of proceeds obtained through crime, financing of terrorism and financing of proliferation of weapons of mass destruction;

3) Resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine dated September 19, 2023 No. 1011 "On approval of the Methodology for determining the ultimate beneficial owner by a legal entity" (entered into force on October 3, 2023), the norms of which introduce the principles on the basis of which the process of researching the signs of decisive influence and determining the legal entity is carried out by the person of the ultimate beneficial owners, methods of researching signs of decisive influence on the activity of a legal entity (forms and ways of researching information, analysing factual data in order to find out the signs and means of acquiring / changing decisive influence, sources of finding out data about the presence of signs of decisive influence, identification ultimate beneficial owners), cases of updating (updating) information about ultimate beneficial owners;

4) Order of the Cabinet of Ministers of Ukraine dated December 27, 2023 No. 1207-r "On approval of the plan of measures aimed at preventing the occurrence and/or reducing the negative consequences of risks identified as a result of the third national risk assessment in the field of prevention and countermeasures against the legalization (laundering) of criminal proceeds by financing terrorism and financing the proliferation of weapons of mass destruction, for the period until 2026."

5) In addition, in order to implement the 6th and 7th FATF Recommendations, the Ministry of Finance developed a draft Law of Ukraine "On Amendments to Certain Laws of Ukraine on the Adaptation of Ukrainian Legislation to Certain Standards of the Financial Action Task Force on Money Laundering (FATF)", which was approved by the Government of Ukraine and registered with the Verkhovna

Rada of Ukraine on September 19, 2023 under reg. № 10072.

According to information provided by the State Financial Monitoring Service during the reporting period, additionally the following regulations were adopted to implement the FATF recommendations:

1) Resolution of the Cabinet of Ministers of Ukraine No. 976 of September 12, 2023 “Some Issues of Automatic Verification of Information by the Unified State Web Portal of Electronic Services Using Information from the Unified State Demographic Register, the State Register of Individuals – Taxpayers”, which defines the mechanism of automatic verification of information about the person who is the ultimate beneficial owner of a legal entity during the state registration of the formation of a legal entity and amendments to the information about a legal entity contained in the USR, through the Diia portal using information from the Unified State Demographic Register and the State Register of Individuals – Taxpayers.

2) Order of the Ministry of Justice of Ukraine No. 2513/5/378 of July 10, 2023 “On Approval of the Procedure for the Transfer by the Holder of the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations to the State Financial Monitoring Service of Ukraine of Information on Discrepancies between the Information on the Ultimate Beneficial Owner and/or Ownership Structure of a Legal Entity”;

3) Order of the Ministry of Justice of Ukraine No. 2542/5 of July 12, 2023 “On Establishing the Procedure for Notifying the Holder of the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations of Discrepancies between the Information on the Ultimate Beneficial Owners and Ownership Structure of the Client Received as a Result of Due Diligence and the Information on the Ultimate Beneficial Owners and Ownership Structure of the Client Posted in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations”;

4) Order of the Ministry of Justice of Ukraine of September 13, 2023 No. 3258/5 “On Establishing the Procedure for Bringing Legal Entities to Liability and the Procedure for Determining the Amount of Fines for Violations Determined by Part Four of Article 35 of the Law of Ukraine “On State Registration of Legal Entities, Individual Entrepreneurs and Public Organizations”;

5) Order of the Ministry of Justice of Ukraine No. 3265/5 of September 14, 2023 “On Approval of the Procedure for Verification of Information Provided by a Legal Entity in Explanations and Documents to Confirm Information on the Ultimate Beneficial Owner and/or Ownership Structure of a Legal Entity”.

• ***Are provisions on immunity, for example covering politicians or magistrates standing in the way of criminal investigations?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *Are there clear procedures for lifting immunities in line with EU standards and are they being used when needed?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *Are all allegations of corruption systematically investigated, independently of the status of the suspect/accused (no impunity)?*

Yes, in accordance with the provisions of Part 1 of Art. 214 of the Criminal Procedure Code all allegations of corruption are subject to investigation in Ukraine.

The statistics given in the answer to question 11 of subdivision IV. Results (annual) are an illustration of the systematic pre-trial investigation of corruption charges regardless of the status of the suspect/accused in practice.

4. RESULTS (ANNUAL)

- *Number of cases of conflicts of interest prevented/detected/channelled to courts. Assessment on whether or not sanctions have a deterrent effect.*

In total (according to the protocols of the NACP and the National Police of Ukraine) during 2023, the courts of first instance received 2,707 cases of administrative offenses provided for in Article 172-7 CAO (violation of requirements for the prevention and settlement of conflicts of interest). During 2023, the courts considered cases against 1,703 people, of which in relation to 882 persons, a decision was made to impose an administrative fine. The share of persons on whom an administrative fine was imposed was 51.8%. An additional punishment in the form of deprivation of the right to hold certain positions or engage in certain activities was imposed on 2 persons^{12[2]}.

- *Number of irregularities detected in asset declarations and follow up given.*

Administrative offences

In 2023, authorized persons of the NACP did not draft any protocols on the administrative offense for violations provided for in Part 4 of Art. 172-6 of the CAO (submission of false information in the declaration of a person authorized to perform the functions of the state or local self-government) regarding high-level officials.

The NACP during January 2023 - March 2024 sent to law enforcement

¹² Source: annual report of State Judicial Administration of Ukraine provided according to form No. 1-p "Report of courts of first instance on the results of considerations of cases on administrative offences" (2023) / website of Judicial Power of Ukraine [in Ukrainian] / https://court.gov.ua/inshe/sudova_statystyka/zvit_dsau_2023.

agencies:

- 29 substantiated conclusions on the detection of signs of a criminal offense related to corruption, provided for in Art. 366-2 of the CCU (declaration of false information in high amount);

- 19 substantiated conclusions regarding the establishment of signs of an administrative offense related to corruption, provided for in Part 4 of Art. 172-6 of the CAO (violation of financial control requirements).

During 2023, the courts of first instance received 55 cases of administrative offenses provided for in Article 172-6 of the CAO (including for Part 4 of Art. 172-6 of the CAO (submission of false information in the declaration of a person authorized to perform the functions of the state or local self-government).

During the period from January 2024 to March 31, 2024, 15 full verifications of declarations were completed, which resulted in the detection of 2 offenses under Part 4 of Article 1726 of the Code of Administrative Offenses, information about which was sent to the National Police of Ukraine.

Criminal offences

During 2023, pre-trial investigation bodies registered in Ukraine a total of 53 criminal offenses under Art. 366-2 of the CCU (declaration of false information).

In 2023, courts of first instance considered 9 criminal proceedings, 2 persons were convicted.

During 2023, court decisions of local courts of general jurisdiction came into force in respect of 7 persons, 2 of them were convicted, in respect of 5 criminal proceedings were closed.

In 2023, court decisions of HACC for Art. 366-2 of the CCU (declaration of false information) came into force in respect of 13 persons (all criminal proceedings were closed)¹³.

During January-March 2024, the NABU detectives initiated pre-trial investigations in 3 criminal proceedings under Art. 366-2 of the Criminal Code of Ukraine. In January-March 2024, 1 indictment was submitted to the court under Art. 366-2 of the Criminal Code of Ukraine¹⁴.

• *Number of disciplinary procedures carried out and sanctions applied in vulnerable areas (including police, customs etc.). Assessment on whether or not*

¹³ Sources: Annual report of State Judicial Administration of Ukraine provided according to form No. 1-p "Report of courts of first instance on the results of considerations of cases on administrative offences" (2023) / website of Judicial Power of Ukraine [in Ukrainian] / https://court.gov.ua/inshe/sudova_statystyka/zvit_dsau_2023. Annual report of HACC provided according to form No. 1-PP HACC "Report on persons brought to criminal liability and forms of punishment" (for 2023) / website / <https://first.vaks.gov.ua/wp-content/uploads/sites/2/2024/01/Forma-1-PP-VAKS-1.pdf>.

¹⁴ This track record doesn't include the criminal proceedings in which jurisdiction is assigned to another pre-trial investigation body and excluding criminal proceedings in which the qualification of a criminal offense has been changed.

sanctions have a deterrent effect.

During 2023, 302 persons were brought to disciplinary liability for committing corruption or corruption-related offenses according to the Unified State Register of Persons Who Committed Corruption or Corruption-Related Offenses.

The distribution by categories of persons specified in Part 1 of Article 3 of LPC (according to the place of work of the persons where they were brought to justice) allows us to establish that the following were most often brought to disciplinary responsibility for committing corruption or corruption-related offenses:

- police (209 persons or 69.2% of the total number);
- officials of legal entities under public law (27 persons or 8.9% of the total number);
- tax service officials (26 persons or 8.6% of the total number);
- officials of the prosecutor's office (11 persons or 3.6% of the total number);
- officials of the Armed Forces of Ukraine and other military formations established by the law (10 persons or 3.3% of the total number);
- public servants (excluding other categories) - (7 people or 2.3% of the total number);
- members of the senior staff of the civil protection service (5 people or 1.7% of the total number);
- local government officials (2 people or 0.7% of the total number);
- officials of the customs service (2 people or 0.7% of the total number);
- heads of local self-government bodies (1 people or 0.3% of the total number);
- officials of State Judicial Administration of Ukraine (1 person or 0.3% of the total number);
- officials of the State Criminal Enforcement Service (1 person or 0.3% of the total number).

The most severe form of disciplinary sanction, i.e. dismissal, was applied to up to more than half of the persons who were brought to disciplinary responsibility during this period for committing corruption or corruption-related offenses. This type of disciplinary action was applied to 173 persons, which is 57.3% of the total number. The second disciplinary sanction most applied to public servants during this period is a reprimand (severe reprimand) - applied to 93 people, which is 30.8% of the total number, in third place is a notion on incomplete service compliance that was applied to 25 people, which is 8.3% of the total the number of applied disciplinary sanctions.

Warning as a disciplinary sanction was applied to 9 persons, which is 3% of the total the number, demotion in special/military rank by one degree was applied to 2 persons, which is 0.7% of the total the number.

According to Register from January 2024 to March 2024 such disciplinary sanctions were imposed for committing a corruption offense or an offense related to corruption:

- 9 disciplinary sanctions were imposed on civil servants (reprimands - 6, warnings of incomplete service compliance - 3).

- 59 disciplinary sanctions were imposed on the National Police officers (dismissals - 52, strict reprimand - 1, reprimands - 2, warnings of incomplete compliance - 2, remarks - 2),

- 7 disciplinary sanctions were imposed on military personnel (3 reprimands, 1 warning of incomplete service compliance, 3 strict reprimands).

- ***Number of detected cases of infringements of the legislation on political party and electoral campaign financing and their follow up? Assessment on whether or not sanctions have a deterrent effect.***

During 2023, the courts of first instance received 6 cases of administrative offenses under Article 212-15 of the CAO (violation of the procedure for providing or receiving a contribution to support a political party, violation of the procedure for providing or receiving state funding for the statutory activities of a political party, violation of the procedure for providing or receiving financial (material) support for pre-election campaigning or referendum campaigning), a total of 14 cases were pending before the courts during this period. In 2023, cases against 12 persons were reviewed, administrative fines were imposed on 4 persons, and cases against 8 persons were closed.

In January 2024 - March 2024, the NACP did not draw up protocols on administrative offenses under Art. 212-15 of the Code of Administrative Offenses.

- ***Number of infringements of the legislation on lobbying (if any).***

Due to the fact that Law of Ukraine “On amendments to the Code of Ukraine on Administrative Offenses regarding violations of lobbying regulation” No. 3620-IX that was adopted by the Verkhovna Rada of Ukraine on March 21, 2024 is signed by the President of Ukraine.

- ***Percentage of refused access to information requests.***

It is impossible to provide statistical information on the percentage of refusals to provide information, because as of the reporting period, there is no generalized information from all state authorities on the number of requests for information.

At the same time, we provide information on the number of refusals or other violations of the right to information.

During 2023, courts of first instance received 405 cases of administrative

offenses under Art. 212-3 of the CAO (violation of the right to information and the right to address). During 2023, the courts considered cases against 325 persons, decisions were made to impose an administrative punishment against 70 persons.

Also, during 2023, courts of first instance received 9 cases of administrative offenses under Art. 188-46 of the CAO (non-fulfilment of legal requirements (prescriptions) of the NACP). The courts considered cases against 9 persons, administrative fines were imposed on 2 persons.

Also see answer to question 4 of subdivision 3. Institutional framework. A Prevention and answer to question 4 of subdivision 3. Institutional framework. B Repression.

- ***Number of whistleblowing cases and follow up (protection).***

During 2023, 32 criminal proceedings carried out based on the reports of whistleblowers on corruption and corruption-related offenses were registered in the state, of which 15 were submitted to court.

Totally, based on the results of pre-trial investigation of offenses in proceedings opened during 2023 and previous years, criminal proceedings on 41 corruption offenses opened on the basis of whistleblowers' reports were submitted to court.

During 2023, the NACP received motions for protection of whistleblowers from 67 persons. Among them, the status of whistleblower was granted for 14 persons, motions from 5 persons are still under consideration. In other cases the NACP did not recognize grounds for protection measures.

During the first quarter of 2024, the NACP received motions for protection of whistleblowers from 18 persons. Among them, the status of whistleblower was granted for 3 persons. Most of the other motions are still under consideration.

- ***Number of investigations, prosecution and final convictions for corruption (high level = either a substantial amount -e.g. private sector corruption - and/or the involvement of a public official with managerial responsibilities or a politician - to be reported separately). If available, what is the ratio between corruption-related investigations and the final number of convictions? Assessment on whether or not sanctions have a deterrent effect.***

The number of investigations, prosecution in cases of high-level corruption of large-scale corruption under jurisdiction of NABU.

During 2023, the NABU opened 296 criminal proceedings. During January and March 2024, the National Bureau initiated investigations in 153 criminal proceedings.

During 2023, based on the results of the NABU investigation under the procedural guidance of the SAPO 91 criminal proceedings on corruption offenses against 207 persons were sent to the court with indictments.

The number of final verdicts of the HACC in cases of high-ranking corruption or large-scale corruption. If available, what is the ratio between corruption-related investigations and the final number of convictions?

In 2023, the HACC considered 266 proceedings on corruption criminal offenses. The HACC, as a court of first instance, considered 52 proceedings (20%), verdicts were passed in 46 proceedings (88,5% of those considered). Decisions of the HACC became legally binding on corruption criminal offenses in relation to 63 persons, 51 persons were convicted (81%).

In the first quarter of 2024, the HACC rendered 14 verdicts, verdicts against 17 persons became legally binding, among them 13 persons were convicted.

Assessment on whether or not sanctions have a deterrent effect

According to the results of a sociological research, during the years 2021–2023, a gradual increase in the share of the population that has a negative attitude to corruption (rejects the corrupt behavior model) was observed: in 2021, the indicator was 49.4%, in 2022 this share significantly exceeded half of the population (57.4%), in 2023 the indicator stabilized and is 56.0%.

The share of anti-corruption oriented business during 2022-2023 stabilized and in 2023 is 57.8%. Thus, in 2023, the shares of business representatives and members of the public who refuse the corrupt model of behaviour have become comparable.

Relevant sociological data, together with statistical information, suggest that appropriate sanctions can have a deterrent effect¹⁵.

- ***Percentage of criminal investigations into corruption related offenses for which in parallel a financial investigation was started.***

It is impossible to provide statistical information on the percentage of criminal investigations of corruption offenses for which a financial investigation has been started in parallel, because mostly «financial investigation» in the sense of Art. 31 of the UNCAC is carried out within the framework of criminal proceedings. At the same time, we provide statistics on the implemented measures provided pursuing Art. 31 UNCAC.

Suspension of operations

The State Financial Monitoring Service of Ukraine (SFMS) pays special attention to investigating the laundering of the proceeds of corruption, embezzlement and misappropriation of public funds and property.

In 2023, the SFMS sent 250 referrals related to suspected corruption to law

¹⁵ Sources: 1. Report of the Prosecutor General's Office formed on the basis of information of the Unified Register of Pre-Trial Investigations. 2. Annual report of HACC provided according to form No. 1-PP HACC "Report on persons brought to criminal liability and forms of punishment" (for 2023) / website / <https://first.vaks.gov.ua/wp-content/uploads/sites/2/2024/01/Forma-1-PP-VAKS-1.pdf>. Corruption in Ukraine 2023: understanding, perception, prevalence. A report based on the results of a population and business survey. Kyiv, 2023. - Access mode: <https://cutt.ly/Cw4sRPWb>

enforcement agencies.

In these referrals, the amount of financial transactions that may be related to money laundering and a criminal offense is UAH 15.5 billion.

In the first quarter of 2024, the SFMS forwarded 64 referrals related to suspected corruption to law enforcement agencies.

In these referrals, the amount of financial transactions that may be related to money laundering and a criminal offence is UAH 6.9 billion.

Arrest

According to the Prosecutor General's Office, in 2023, based on the results of the completed pre-trial investigations, property in the amount of UAH 9,983,555 thousand was seized in criminal proceedings on 6,238 corruption offenses, including for the purpose of special confiscation - in the amount of 13,283 thousand UAH, confiscation of property as a criminal punishment - in the amount of 8,383,854 thousand UAH. The amount for which the civil lawsuit was brought is UAH 20,952,569 thousand.

In 2023, the National Agency of Ukraine for Identification, Search and Management of Assets Obtained from Corruption and Other Crimes (ARMA) considered 5,901 motions from law enforcement agencies regarding the identification and search of assets.

Information on detected by the ARMA assets:

Shares in share capital (UAH) – 91 424 436 591;

Shares in share capital abroad (UAH equivalent) – 1 021 575 305;

Shares in share capital abroad (EUR) – 612 922 671;

Cash – 9 749 946 028 (UAH), 381 233 303 (USD), 205 430 943 (EUR);

Cash, other currencies (UAH equivalent) – 22 551 335;

Financial liabilities – 28 335 126 (UAH), 1 000 (EUR);

Securities – 158 511 172 (UAH), 18 302 000 (USD), 163 000 (EUR);

Virtual assets (equivalent to USD/USD) – 206 621.

The total number of records of seized assets entered into the Unified State Register of Assets, which have been seized in criminal proceedings in accordance with court decisions on the transfer of assets to ARMA management for the period from January 1, 2023 to December 31, 2023, is more than 2,900 records. Among other things, complex assets are transferred to the management of ARMA, the demarcation and/or division of which into separate units is impossible, given that a significant number of objects can be defined as a single asset (unified property complexes, etc.).

Confiscation

See answer to guiding question 10 of subdivision 4 Results (Annual).

- ***Number of cases and value of assets confiscated in corruption cases.***

In 2023, HACC, as a court of first instance in cases related to corruption criminal offenses, passed 16 verdicts, according to which additional punishment in the form of confiscation of property was applied to the convicted. According to the mentioned verdicts, such punishment was imposed on 22 persons. In the first quarter of 2024 HACC, as a court of first instance in cases related to corruption criminal offenses, passed 7 verdicts, according to which additional punishment in the form of confiscation of property was applied to the convicted. According to the mentioned verdicts, such punishment was imposed on 9 persons.

Also, in 2023, special confiscation was applied in 7 cases regarding corruption and corruption-related criminal offenses in relation to property and funds in various currencies for a total amount equivalent to 333,862,101.62 hryvnias as of the date of the decision.

In the first quarter of 2024, special confiscation was applied in 2 criminal proceedings regarding funds in the total amount of UAH 220,128.44.

In 2023 and 2024 courts of general jurisdiction might have applied special confiscation in corruption cases, but the national system of statistics does not allow to single out this necessary data.

- ***Number of cases where immunity regimes of dignitaries stand in the way of launching criminal investigations in cases of corruption allegations.***

Such cases have not been established.

We provide statistical information that confirms that immunity provisions do not impede criminal investigations.

According to the NABU information, during 2023, 16 judges and 14 MPs were notified of suspicion. In January - March 2024, 2 judges; and 3 MPs were notified of suspicion.

According to the SAPO information, during 2023, 9 indictments were submitted to court against MPs, and 9 against judges of multiple levels. In January-March 2024, 2 indictments were submitted to court against MPs and 4 against judges.

In 2023, 5 verdicts of the HACC in criminal proceedings regarding corruption criminal offenses against 4 judges and 1 MP of Ukraine entered into force; in the first quarter of 2024 – 3 verdicts against 2 judges and 1 MP.

- ***Number of cases where political influence was exerted upon law enforcement and judicial actors handling corruption investigations, including***

through public statements¹⁶ regarding concrete investigations.

There have been no cases of political influence on the HACC, SAPO, including through public statements regarding specific investigations of corruption criminal offenses for 2023.

- ***Where relevant: number of detected cases of illicit wealth and follow up given.***

During 2023, pre-trial investigation bodies registered a total of 98 criminal offenses across the state (15 criminal proceedings were accounted for) under Art. 368-5 of the CCU (illicit enrichment). In 2023 proceedings under Art. 368-5 of the CCU were not considered by the courts of the first instance and the HACC.

During January - March 2024, the NABU detectives initiated pre-trial investigation in 1 criminal proceeding under Art. 368-5 of the Criminal Code of Ukraine (excluding criminal proceedings, jurisdiction in which is determined by another pre-trial investigation body and excluding criminal proceedings in which the qualification of a criminal offense has been changed).

The NACP during January 2023 - March 2024 sent to law enforcement agencies 21 substantiated conclusions on the detection of signs of a criminal offense related to corruption, provided for in Art. 368-5 of the CCU (illicit enrichment).

- ***Overall perceived level of corruption within the society.***

In 2023, the corruption perception indicator increased comparatively with 2022 for both groups of respondents (society and business). 87.9% of the society believe that corruption in Ukraine has somewhat or greatly expanded, this is more than in 2022 (81.1%), the indicator actually returned to the level of 2021 (85.4%). The calculated overall corruption perception index is 4.44 points on a 5-point scale (where "5" means that corruption is very widespread, "1" - it is absent), which is higher than last year's indicator (4.25) and on par with the indicator of 2021 year (4.39).

Business evaluates the overall situation more positively than society. The indicator also increased and is 4.29 points (against 3.98 in 2022), but less than the indicator of 2021 (4.35). This corresponds to the distribution, where 81.3% of entrepreneurs consider corruption to be somewhat or very widespread, which is more than the indicator of 2022 (69.2%), but less than the value of 2021 (84%).

At the same time, the significant increase in the perception of corruption by both groups of respondents in 2023 does not reflect a significant increase in their real involvement in corruption. Thus, the indicator of corruption experience of the society (according to the results of respondents' answers to the question of whether they or their family members encountered corruption) in 2023 was 19.5% (that is, it

¹⁶ Art. 36 UNCAC.

stabilized after a decrease from 26% in 2021 to 17.7% in 2022).

For the indicator of corruption experience of representatives of business in 2023, there was a significant increase and amounted to 22.2%, that is, it returned to the level of 2021 (21.6%) after a decrease last year (15.4%).

General conclusion: the main trend of 2023 regarding the assessment of the situation with corruption in Ukraine can be characterized as a return of assessments regarding both the perception of corruption by respondents and corruption experience to the "pre-war" level, the change of these indicators in 2022 is associated with changes in the social and economic state respondents as a result of the armed aggression of the Russian Federation against Ukraine.

It is possible to get a period of 2022 that is atypical for measuring corruption, which was characterized by a completely different mental background, priorities and expectations of Ukrainians. If at the beginning of a full-scale war, corruption was "out of time" as a factor that divides society, then a year later it is perceived as a top threat, which clearly correlates with the security and ability of the state to withstand and win the war.

Taking into account the fact that last year the attention in the Ukrainian public space to issues related to corruption was significant (media coverage of reports on the disclosure of corruption crimes, actualization of the need for anti-corruption reforms in the context of meeting the requirements for joining the EU, etc.), the assessments of corruption as a problem have increased¹⁷.

Also Ukraine scored 36 out of 100 in the 2023 Corruption Perceptions Index (CPI), ranking 104th out of 180 countries. The country's 3-point increase represents one of the most significant improvements globally over the past year.

Information on anti-corruption mainstreaming

Chapter 23 - Judiciary and fundamental rights: Includes a chapter on anti-corruption, focused on issues such as high-level corruption, asset declarations, whistleblowing, access to info, vulnerable sectors; a specific section on prevention of corruption and conflicts of interest; a section on law enforcement; and a section on political party financing. (see guiding questions for anti-corruption)

1. In Ukraine, the Anti-Corruption Strategy for 2021-2025 has been adopted, which is being implemented through the State Anti-Corruption Programme for 2023-2025.

Shaping and implementing of the state anti-corruption policy is designated as one of the priority areas of the Anti-Corruption Strategy and the Programme. A separate direction of the Programme - 1.1. Shaping and Implementing the State

¹⁷ Source: Corruption in Ukraine 2023: understanding, perception, prevalence. A report based on the results of a population and business survey. Kyiv, 2023. - Access mode: [/https://cutt.ly/Cw4sRPWb](https://cutt.ly/Cw4sRPWb)

Anticorruption Policy, identifies the following key problems in this sector:

- Problem 1.1.1. Studies aimed at ascertaining the overall indicators and causes of corruption in Ukraine, as well as measurements of experiences and perception of corruption by the population are undertaken regularly.

The content of the measures aimed at addressing the specified problems and information on the progress of their implementation as of December 31, 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/direction/1/>

- Problem 1.1.3. Provisions of normative legal acts and their drafts need to be further improved in order to eliminate potential factors that foster corruption.

The content of the measures aimed at addressing the specified problems and information on the progress of their implementation as of December 31, 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/problem/3/>.

- Problem 1.1.4. The institution of authorized anticorruption units (officers) does not fully realize its potential due to insufficient guarantees of autonomy.

To address the specified problems, the State Anti-Corruption Programme for 2023-2025 includes 27 measures. The content of these measures and information on the progress of their implementation as of December 31, 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/problem/5/>.

2. Resolution of the conflicts of interest, observance of general restrictions and bans, rules of ethical conduct is designated as one of the priority areas of the Anti-Corruption Strategy and the Programme. A separate direction of the Programme - 1.3. Resolution of the Conflicts of Interest, Observance of General Restrictions and Bans, Rules of Ethical Conduct, identifies the following key problems in this sector:

- Problem 1.3.1. Flaws of legislation and the lack of effective risk-based mechanisms for detecting conflicts of interest limit the ability to minimize corruption by preventing and resolving conflicts of interest.

- Problem 1.3.2. Legal regulation of prohibitions and restrictions on receiving gifts and being a party to certain legal relationships is flawed, and not all prohibitions are enforced by legal liability measures.

- Problem 1.3.3. The activities of entities that influence (lobby) the parliamentary decision-making process are non-transparent and non-public.

- Problem 1.3.4. There are no legislative standards for ethical conduct of MPs, members of local councils, and elected local self-government officials. The existing rules of ethical conduct are not properly implemented due to the failure of managers to exercise their powers to hold violators of such rules liable.

To address the specified problems, the State Anti-Corruption Programme for 2023-2025 includes 23 measures. The content of these measures and information on the progress of their implementation as of December 31, 2023, can be found at the

following link: <https://dap.nazk.gov.ua/en/direction/3/>.

3. **Financial control** is designated as one of the priority areas of the Anti-Corruption Strategy and the Programme. A separate direction of the Programme - 1.4. Implementation of Financial Control Measures, identifies the following key problems in this sector:

- Problem 1.4.1. Legislative regulation that categorizes specific individuals as declarants is flawed, which limits the potential of financial control instruments.

- Problem 1.4.2. The process of submitting information to the Unified State Register of Declarations of Officials Authorized to Carry out Functions of State or Local Self-Government is cumbersome due to insufficient awareness of declarants about the requirements on how to fill out the declarations; Recurrent problems in the operation of this Register, flawed legislation.

- Problem 1.4.3. Previous efforts involving oversight and verification of declaration as well as monitoring of the lifestyle were not sufficiently effective.

To address the specified problems, the State Anti-Corruption Programme for 2023-2025 includes 30 measures. The content of these measures and information on the progress of their implementation as of December 31, 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/direction/4/>.

4. The **integrity of political parties** is designated as one of the priority areas of the Anti-Corruption Strategy and the Programme. A separate direction of the Programme - 1.5. Ensuring the Integrity of Political Parties and Election Campaigns, identifies the following key problems in this sector:

- Problem 1.5.3. The system for monitoring the funding of activities of political parties and the funding of their participation in elections needs improving.

To address the specified problems, the State Anti-Corruption Programme for 2023-2025 includes 29 measures. The content of these measures and information on the progress of their implementation as of December 31, 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/problem/18/>.

5. **Protection of whistleblowers** is designated as one of the priority areas of the Anti-Corruption Strategy and the Programme. A separate direction of the Programme - 1.6. Protection of Corruption Whistleblowers, identifies the following key problems in this sector:

- Problem 1.6.1. Lack of respect for corruption whistleblowers in society, as well as lack of knowledge of legal guarantees for protection of their violated rights among persons who want to report corruption.

- Problem 1.6.2. Lack of essential knowledge to properly report cases of corruption, the entities authorized to review them, as well as a mechanism for

effective review of such reports.

- Problem 1.6.3. Whistleblower protection is not properly implemented due to insufficient institutional capacity of the authorized bodies and shortcomings in legislative regulation.

To address the specified problems, the State Anti-Corruption Programme for 2023-2025 includes 23 measures. The content of these measures and information on the progress of their implementation as of December 31, 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/direction/6/>.

6. The Anti-Corruption Strategy for 2021-2025 and the State Anti-Corruption Programme for 2023-2025 designate the ensuring the inevitability of liability for corruption as one of the priority areas and contain separate directions:

3.1. Disciplinary liability

The content of the measures aimed at addressing the specified problems and information on the progress of their implementation as of December 31, 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/direction/14/>.

3.2. Administrative liability

The content of the measures aimed at addressing the specified problems and information on the progress of their implementation as of December 31, 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/direction/15/>.

3.3. Criminal liability

The content of the measures aimed at addressing the specified problems and information on the progress of their implementation as of December 31, 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/direction/16/>.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

Step 3 - further strengthen the fight against corruption, in particular at high level, through proactive and efficient investigations, and a credible track record of prosecutions and convictions; complete the appointment of a new head of the Specialised Anti-Corruption Prosecutor's Office through certifying the identified winner of the competition and launch and complete the selection process and appointment for a new Director of the National Anti-Corruption Bureau of Ukraine.

In total, in 2023 (including offenses recorded in 2023 and in previous years), the NABU investigated 704 corruption and corruption-related criminal offenses, and

in 95 offenses, a decision was made to go to court (91 of which were indicted). The number of people against whom indictments were drawn up is 207.

In 2023, the HACC had 266 proceedings for corruption criminal offenses (Articles 191, 210, 364, 365-2, 368, 369, 369-2 of the CCU), of which 98 were received this year (37%). The HACC, as a court of first instance, considered 52 proceedings (20%), verdicts were passed in 46 proceedings (88,5% of those considered). Decisions of the HACC became legally binding on corruption criminal offenses (Articles 191, 210, 364, 368, 369, 369-2 of the CCU) in relation to 63 persons, 51 persons were convicted (81%).

In 2023, HACC received 15 proceedings for corruption offenses related to corruption (Articles 366-2, of the CCU).

Relevant track record is also provided in answers to the guiding questions, in particular question 8 of the subdivision IV Results (Annual).

On December 8, 2023 the Parliament adopted the Law “On Amendments to the Article 5 of the Law of Ukraine "On the National Anti-Corruption Bureau of Ukraine" Regarding the Strengthening of the Institutional Capacity of the National Anti-Corruption Bureau of Ukraine” No. 3502-IX¹⁸, which provides for the increasing the number of NABU employees from 700 to 1,000 people.

On December 8, 2023 the Parliament also adopted the Law “On Amendments to the Criminal Procedure Code of Ukraine and Certain Legislative Acts of Ukraine Regarding the Strengthening the Independence of the Specialised Anti-Corruption Prosecutor’s Office” No. 3509-IX¹⁹.

Step 4 - ensure that anti-money laundering legislation is in compliance with the standards of the Financial Action Task Force (FATF); adopt an overarching strategic plan for the reform of the entire law enforcement sector as part of Ukraine’s security environment.

Relevant information regarding the implementation of this recommendation is given in the answers to the guiding questions, in particular question 6 of the subdivision III Institutional Framework (B. Repression).

Step 5 - implement the Anti-Oligarch law to limit the excessive influence of oligarchs in economic, political, and public life; this should be done in a legally sound manner, taking into account the forthcoming opinion of the Venice Commission on the relevant legislation.

Relevant information regarding the implementation of this recommendation is

¹⁸ See also: <http://surl.li/ouusb>

¹⁹ See also: <http://surl.li/slkkf>

given in the answers to the guiding questions, in particular question 8 of the subdivision II Legal Framework, question 5 of the subdivision III Institutional Framework (B. Repression) and question 5 of the subdivision IV Results (Annual).

→ continue to further improve its track record on investigations, prosecutions and final court decisions in high-level corruption cases, including the seizure and confiscation of criminal assets

Track record on investigations, prosecutions and final court decisions is given in the answers to the guiding questions 8 of the subdivision IV Results (Annual).

Track record on the seizure and confiscation of criminal assets is given in the answers to the guiding questions 10 of the subdivision IV Results (Annual).

→ ensure timely implementation of the 2023-2025 state anti-corruption programme, including appropriate monitoring and allocation of relevant resources

From January 16 to February 16, 2024 NACP carried out the third monitoring of the implementation of the State Anti-Corruption Programme for 2023-2025 for the fourth quarter of 2023. According to the results, progress in the implementation of measures as of december 31, 2023:

- 1) Fully and partially implemented – 222 measures (which is 18.7% of the total number of measures);
- 2) In progress – 247 measures (which is 20.8% of the total number of measures);
- 3) Not implemented – 166 measures (which is 14% of the total number of measures);
- 4) Not started – 552 measures (which is 46.5% of the total number of measures).

The Information System for Monitoring the Implementation of the State Anti-Corruption Policy, that ensures the display of key information about the results of the implementation of the anti-corruption policy of Ukraine can be found at the following link: <https://dap.nazk.gov.ua/en/>.

→ remove undue legal restrictions on the verification powers of the National Agency for Corruption Prevention (NACP), in order to ensure the effectiveness of the electronic asset declaration system, without prejudice to the rules applying to national security during wartime

On September 20, 2023 the Parliament of Ukraine adopted the Law of Ukraine "On Amendments to Certain Laws of Ukraine on Determining the Procedure for

Submitting Declarations of Persons Authorised to Perform State or Local Government Functions under Martial Law" No 3384-IX, which provides for the resumption of declaration and restoration of the functions of the NACP, including comprehensive examination of declarations.

The NACP has amended the Procedure for Conducting a Comprehensive Examination of the Declaration of a Person Authorised to Perform State or Local Government Functions, approved by Order dated November 13, 2023 No. 256/23, registered with the Ministry of Justice of Ukraine on November 16, 2023 under No. 1983/41039 (Procedure).

At the same time, the Law of Ukraine dated December 8, 2023 No. 3503-IX, which entered into force on December 10, 2023, set out part five of Article 51-3 in a following wording: "A comprehensive examination of the declaration is carried out in respect of the objects of declaration not covered by the comprehensive examination of the declarations of the declarant for previous periods, unless the National Agency has received new information about the object under examination or there are new sources of information that were not known or available to the National Agency during the previous comprehensive examination."

In order to comply with the aforementioned law, the NACP amended the Procedure. The amendments were approved by order dated January 1, 2024 No. 1/24, registered with the Ministry of Justice of Ukraine on January 4, 2024 under No. 22/41367.

The Procedure introduces a fundamentally new risk-based approach to the selection of declarations for verifications and to the verifications itself, which will allow to examine the maximum number of submitted declarations, optimise the examination process and increase the efficiency of comprehensive examination of declarations. The new approach is based on risk assessment, which will determine whether the declaration will be examined automatically or by an authorised person of the NACP.

The NACP's authorised persons will examine declarations with the highest risk rating, as well as those that possibly contain false information according to reports from individuals and legal entities, law enforcement agencies, and investigative journalists.

The declarations with the lowest risk rating and those that contain data that can be verified automatically will be examined automatically.

In 2023, the NACP drafted 17 documents (orders, memoranda, information cooperation agreements, data exchange protocols), which increased the amount of data in the declaration that can be verified automatically from 31% to 75%.

The number of declarations that have been automatically examined (out of the number of declarations that can be automatically examined) as of March 31, 2024:

1) Declarations filed for the 2021 reporting period: 158,886 declarations passed verification (28% of the number of declarations that were automatically verified).

2) Declarations filed for the 2022 reporting period: 136,247 declarations passed verification (27% of the number of declarations that were automatically verified).

3) Declarations filed for the 2023 reporting period: 6610 declarations passed verification (20% of the number of declarations that were automatically verified).

→ revise the Criminal Procedure Code and the Criminal Code to enable higher efficiency and outcomes in high-level corruption cases, e.g. by preventing procedural delays, introducing reasonable time limits for pre-trial investigations, and improving the regulation of plea bargain agreements; increase the number of judges of the High Anti-Corruption Court by reactivating the Public Council of International Experts and enable the court to adjudicate certain cases in single judge composition

Revise the Criminal Procedure Code and the Criminal Code to enable higher efficiency and outcomes in high-level corruption cases, e.g. by preventing procedural delays, introducing reasonable time limits for pre-trial investigations, and improving the regulation of plea bargain agreements

On December 8, 2023 the Parliament also adopted the Law “On Amendments to the Criminal Procedure Code of Ukraine and Certain Legislative Acts of Ukraine Regarding the Strengthening the Independence of the Specialised Anti-Corruption Prosecutor’s Office” No. 3509-IX, which established a new procedure for calculating time limits for pre-trial investigations. This Law established that time limits for pre-trial investigations is calculated from the moment a person is notified of suspicion until the day an indictment, a claim for application of compulsory medical or educational measures, a claim for release from criminal liability, or a claim for closure of the criminal proceedings is filed with the court or until the day a decision to close the criminal proceedings is made.

The Law No. 3509-IX excluded from the Criminal Procedure Code of Ukraine the provisions that established that time limits for pre-trial investigations from the moment of entering information about a criminal offence into the Unified Register of Pre-trial Investigations or issuing a decision to initiate a pre-trial investigation in accordance with the procedure established by Article 615 of this Code until the day of serving a notice of suspicion to a person shall be 1) twelve months - in criminal proceedings concerning a non-serious crime; 2) eighteen months - in criminal proceedings concerning a serious or especially serious crime.

The provision that obliged the investigator or prosecutor to close criminal proceedings when time limits for pre-trial investigations have expired and no person has been served with a notice of suspicion has been removed from the Criminal Procedure Code of Ukraine.

The new procedure for calculating time limits for pre-trial investigation will apply to all criminal proceedings where the pre-trial investigation or trial has not been completed by the date of entry into force of the Law of Ukraine “On

Amendments to the Criminal Procedure Code of Ukraine and Certain Legislative Acts of Ukraine Regarding the Strengthening the Independence of the Specialised Anti-Corruption Prosecutor’s Office”.

Increase the number of judges of the High Anti-Corruption Court by reactivating the Public Council of International Experts

1. By the decision of the High Council of Justice No. 930/0/15-23 of September 26, 2023 “On determining the number of judges in the High Anti-Corruption Court” the new number of judges in the High Anti-Corruption Court was determined – **63 positions**, including 21 positions of judges of the Chamber of Appeal.

2. By the decision of the High Qualification Commission of Judges of Ukraine (HQCJ) No. 145/zp-23 of November 23, 2023 a **competition for 25 vacant positions of judges of the High Anti-Corruption Court** was announced: 15 positions of judges of the High Anti-Corruption Court (first instance) and 10 positions of judges of the Appeal Chamber of the High Anti-Corruption Court²⁰.

On March 1, 2024, the HQCJ started receiving documents from candidates. On March 15, 2024, the HQCJ made a decision to extend the deadline for submission of documents for participation in the competition for vacant positions of judges of the HACC.

A total of 238 persons applied to participate in the competition for vacant positions of judges of the HACC and the Appeal Chamber of the HACC, including 153 persons for vacant positions of judges of the HACC and 85 persons for vacant positions of the Appeal Chamber of the HACC²¹.

As of today, the dates of the HQCJ meetings to decide on the admission of candidates to the competition have not been determined.

3. According to part 4 of Article 8, part 2 of Article 9 of the Law of Ukraine On the HACC, in order to assist the HQCJ in establishment for the purposes of qualification evaluation of compliance of candidates for the positions of judges with the requirements of the law the **Public Council of International Experts (PCIE)** shall be formed.

On November 6, 2023, the HQCJ sent the letter to the Ministry of Foreign Affairs of Ukraine to provide available information on international organizations with which Ukraine cooperates in the field of preventing and combating corruption with international agreements, in particular (if available) on the heads of international organizations, official representative offices of these organizations in Ukraine with contact details, and other information that can be used by the HQCJ.

On December 12, 2023, the HQCJ received information from the Ministry of Foreign Affairs of Ukraine on international organizations with which Ukraine cooperates in the field of preventing and combating corruption in accordance with

²⁰ Announcement of a competition to fill 25 vacant positions of judges of the High Anti-Corruption Court: <http://surl.li/sltuk>

²¹ The list of candidates who applied for the competition is available at <http://surl.li/slwxq>

international agreements:

- Organization for Economic Co-operation and Development (OECD);
- International Monetary Fund, (IMF);
- European Anti-Fraud Office (OLAF);
- Council of Europe.

On December 29, 2023, the Commission requested the Ministry of Foreign Affairs of Ukraine to send letters of invitation with terms of reference for candidates for PCIE members to the above-mentioned international organizations through diplomatic channels in order to receive proposals on the selection procedure and candidates for appointment as PCIE members.

On March 25, 2024, the HQCJ received an email from the Delegation of the European Union to Ukraine, which proposed 12 candidates from three international organizations for selection to the PCIE.

The received information is processed by the HQCJ to prepare for interviews with the nominated candidates for the position of PCIE member²².

Enable the court to adjudicate certain cases in single judge composition

In order to enable the High Anti-Corruption Court to adjudicate certain cases in single judge composition, the NACP developed the Draft Law of Ukraine "On Amendments to Article 31 of the Criminal Procedure Code of Ukraine on Improving the Process of Conducting Criminal Proceedings by the High Anti-Corruption Court", which was approved by the Cabinet of Ministers of Ukraine and registered in the Verkhovna Rada of Ukraine on October 23, 2023 under No. 10178. A preliminary consideration of the Draft Law by the Committee of the Verkhovna Rada of Ukraine on Law Enforcement was scheduled on February 13, 2024, but was postponed due to the absence of the Minister of Justice, who was supposed to present the Draft Law.

→ to cope with increasing workloads, the number of NABU staff, SAPO prosecutors and High Anti-Corruption Court judges should be increased

Increasing the number of NABU staff

1. On December 8, 2023 the Verkhovna Rada of Ukraine adopted the Law "On Amendments to the Article 5 of the Law of Ukraine "On the National Anti-Corruption Bureau of Ukraine" Regarding the Strengthening of the Institutional Capacity of the National Anti-Corruption Bureau of Ukraine" No. 3502-IX, which provides for the increasing the number of NABU employees from 700 to 1,000 people.

Increasing the number of SAPO staff

²² The list of candidates is available on the HQCJ official website at the following link: <http://surl.li/slwxq>.

2. On December 8, 2023 the Verkhovna Rada of Ukraine also adopted the Law “On Amendments to the Criminal Procedure Code of Ukraine and Certain Legislative Acts of Ukraine Regarding the Strengthening the Independence of the Specialised Anti-Corruption Prosecutor’s Office” No. 3509-IX, which provides that the staff of the SAPO shall amount to 15% as compared to the staff of the NABU, which was increased from 700 to 1000 persons by the Law 3502-IX of 08.12.2023. As of 4 April, 2024 there are 120 persons of SAPO staff, with 90 of them currently employed.

Increasing the number of HACC judges

3. According to part six of Article 19 of the Law of Ukraine "On the Judicial System and Status of Judges", the number of judges in a court (including the High Anti-Corruption Court) is determined by the High Council of Justice, taking into account the advisory opinion of the State Judicial Administration of Ukraine, the court workload and within the limits of expenditures allocated in the State Budget of Ukraine for the maintenance of courts and remuneration of judges.

Decision of the High Council of Justice dated September 26, 2023 No. 930/0/15-23 "On Determining the Number of Judges in the High Anti-Corruption Court" temporarily, until the approval of the standards for staffing the courts and making new calculations based on them, determined the number of judges in the High Anti-Corruption Court - **63 positions**, including **21 positions** of judges of the Appeals Chamber of the High Anti-Corruption Court.

→ enact legislation to improve the selection procedures for the SAPO head and key officials, to strengthen the institutional independence of SAPO by transforming it into a separate legal entity, and to increase its level of procedural autonomy as well as establish robust mechanisms for external and internal control and discipline

On December 8, 2023 the Verkhovna Rada of Ukraine adopted the Law “On Amendments to the Criminal Procedure Code of Ukraine and Certain Legislative Acts of Ukraine Regarding the Strengthening the Independence of the Specialised Anti-Corruption Prosecutor’s Office” No. 3509-IX²³. The law came into effect on January 01, 2024.

Order of the Prosecutor General No. 3 dated 04.01.2024 established the SAPO as a legal entity under public law.

By the Order of the Deputy Prosecutor General - Head of the Specialized Anti-Corruption Prosecutor's Office No. 52 dated 19 March 2024, the Specialized Anti-Corruption Prosecutor's Office as a legal entity under public law became operational effective from 21 March 2024.

In fact, the adopted Law has strengthened the SAPO's autonomy and

²³ See also: <http://surl.li/slkfk>

independence by improving the selection of the Head of the SAPO and key officials, determining the level of salaries of prosecutors of the Specialized Anti-Corruption Prosecutor's Office holding executive positions, increasing the organisational and procedural autonomy of the SAPO and improving the accountability system, creating reliable mechanisms of external and internal scrutiny and discipline. Thus, it is intended to establish an internal control unit in the SAPO and to conduct an external independent evaluation (audit) of the SAPO's performance within the timeframe set by law.

The deployed electronic case management system for NABU, SAPO and HACC has been put into practice but still requires full integration with the unified register of pre-trial investigations and the unified judicial information and telecommunication system.

The iCase system is in the process of being implemented by the National Anti-Corruption Bureau of Ukraine, the SAPO and the High Anti-Corruption Court of Ukraine. The implementation of the iCase and Unified Register of Pre-Trial Investigations integration functionality is recorded in the minutes of the meeting of the Technical Committee of the iCase system at NABU No. 12 of June 22, 2023.

According to the HACC Order No. 35 of November 17, 2023, the use of iCase was launched in the HACC on December 01, 2023. The HACC accepts through iCase only procedural documents (materials of criminal proceedings) in the category of cases "search of a person's home or other property" until the defense is able to use iCase. The HACC Order No. 7 of February 23, 2024 stipulates that the HACC also accepts procedural documents (criminal proceedings) in the category of cases "temporary access to things and documents" through iCase.

The system is now approving requests and sending them to the HACC, namely: the option of submitting a search warrant to the court has been implemented.

It will be important to introduce legal safeguards that will prevent interference in the exclusive investigative powers of NABU by other law enforcement agencies and, in this context, also progress with the SSU reform in line with EU's recommendations.

On December 8, 2023 the Verkhovna Rada of Ukraine adopted the Law "On Amendments to the Criminal Procedure Code of Ukraine and Certain Legislative Acts of Ukraine Regarding the Strengthening the Independence of the Specialised Anti-Corruption Prosecutor's Office" No. 3509-IX, which provides for disputes on jurisdiction in criminal proceedings that may fall under the jurisdiction of the NABU are resolved by the Prosecutor General or the Deputy Prosecutor General - Head of the SAPO (person performing his/her duties).

The term of the agency's head will expire in January 2024 and the credible and transparent selection of a new head by an international selection commission, as required by law, will be an important priority for Ukraine.

The Cabinet of Ministers of Ukraine approved the composition of the Competition Commission for Selection of the Head of the NACP by its Resolution dated October 13, 2023 No. 944-r (<http://surl.li/smnrl>).

The minutes of the meeting of the Competition Commission for Selection of the Head of the NACP No. 1 dated November 10, 2023 approved:

- Announcement on the Terms and Conditions of the Competition for the Position of the Head of the National Agency for Corruption Prevention (<http://surl.li/smonq>);

- Criteria and Methodology for Evaluating Candidates for the Position of the Head of the National Agency for Corruption Prevention (<http://surl.li/smoku>);

- Rules of Procedure of the Competition Commission for Selection of the Head of the National Agency for Corruption Prevention (<http://surl.li/smolw>).

The minutes of the meeting of the Competition Commission for Selection of the Head of the National Agency for Corruption Prevention No. 3 dated December 28, 2023 approved the Announcement on the Order and Terms of the Competitive Selection Stages for Assessment of Business and Moral Qualities and Professional Level of Admitted Candidates (as amended by the decision of the Competition Commission for Selection of the Head of the National Agency for Corruption Prevention, approved by the Minutes No. 4 dated January 4, 2024). - <http://surl.li/smplv>.

Documents for participation in the competitive selection for the position of the Head of the National Agency for Corruption Prevention were submitted from November 13, 2023 to December 22, 2023. The list of persons admitted to participate in the competitive selection for the position of the Head of the National Agency for Corruption Prevention is available at the following link: <http://surl.li/smpse>. The minutes of the Commission's meeting are available at the following link: <http://surl.li/smqkt>.

The assessment of the candidates' professional knowledge and qualities was carried out in two stages:

Stage I: was held on January 4, 2024 and consisted of the following tests:

● general aptitude test - (test results are available at the following link: <http://surl.li/smpdv>). The applicants had 24 hours to appeal the results of the general aptitude test.

● psychological test,

● integrity test.

Based on the results of the general aptitude test, the list of candidates admitted

to participate in the next stage of the competitive selection for the position of the Head of the NACP was formed and published (<http://surl.li/pdsyp>). The minutes of the Commission's meeting are available at the following link: <http://surl.li/smqmg>.

Stage II: candidates with an average score of 107 or more points in the general aptitude test were invited to participate. The second stage of the assessment included:

- psychological interview (conducted on January 12-19, 2024 via online platforms);

- a practical task on ethical leadership and a practical task on the application of anti-corruption legislation (held on January 11, 2024, the candidates' answers are available at the following link: <http://surl.li/smppc>);

- written answers of the candidates to the question on their vision of the NACP's future activities that had to be submitted by January 19, 2024. The candidates' answers are available at the following link: <http://surl.li/smphk>.

The minutes of the Commission's meeting are available at the following link: <http://surl.li/smqna>.

Stage III: integrity interviews with the candidates from February 9 to 15, 2024, which resulted in 10 candidates being invited to the next stage. The minutes of the Commission's meeting are available at the following link: <http://surl.li/smqss>.

Stage IV: final interviews held on February 24-25, 2024.

Stage V: determination of the winner of the competition, which took place on February 25, 2024. The minutes of the Commission's meeting are available at the following link: <http://surl.li/smqwp>.

The winner of the competition based on the results of open voting was Viktor Pavlushchyk, who was the only candidate who received a qualified majority of votes of the Commission's members.

The Commission's meetings and interviews were broadcast in real time and the video recordings are now available at <http://surl.li/smqiy>.

An independent external assessment of the effectiveness of the NACP's activity in 2020-2021 was conducted by an expert commission composed of three international experts appointed by the Cabinet of Ministers based on a proposal by international donors, as required by law. In its final assessment report published in July 2023, the commission concluded that the agency was effective and independent overall but made a set of recommendations to strengthen it further. The agency and other relevant stakeholders should implement these recommendations swiftly.

The NACP's order dated December 01, 2023, No. 276/23 approved the List of Recommendations Contained in the Report on the Assessment of the Effectiveness

of the Activity of the National Agency on Corruption Prevention, approved by the Commission for Independent External Assessment of the Effectiveness of the Activity of the National Agency for Corruption Prevention on July 24, 2023, Which May Be Implemented by the National Agency for Corruption Prevention within Its Powers (List).

In order to implement the recommendations contained in the Report on the Assessment of the Effectiveness of the Activity of the National Agency on Corruption Prevention, the NACP approved the Procedure for Monitoring the Lifestyle of Declarants by order dated October 26, 2023 No. 236/23 which was registered with the Ministry of Justice of Ukraine on October 27, 2023 under No. 1873/40929.

To strengthen the conflict of interest framework, the NACP should improve internal proceedings and take measures to further increase transparency and outreach of its work, including by reporting systematically to the public. More public awareness raising about the importance of the conflict of interest framework in detecting and preventing corruption is needed. Strong engagement with civil society and independent media in Ukraine is key. The legislative framework should be further improved to also cover apparent conflicts of interest.

Relevant information regarding the implementation of this recommendation is provided in answers to the guiding questions, in particular question 12 of the subdivision III. Institutional Framework A.Prevention.

To build up mutual trust of stakeholders and reach consensus on the best approach on a lobbying regulation framework for Ukraine, an open and participatory discussion should be pursued, including a wide stakeholders' engagement (in particular, civil society groups) and extensive public consultations. It will be important to ensure that lobbying regulations do not preclude or limit legitimate activities of civil society or put a disproportionate administrative burden on them.

Relevant information regarding the implementation of this recommendation is provided in answers to the guiding questions, in particular question 8 of the subdivision II Legal Framework, question 5 of the subdivision III Institutional Framework (A. Prevention).

The Council of Europe's Group of States against Corruption issued its interim compliance report in March 2023, where it assessed the measures taken by Ukrainian authorities to implement the 31 recommendations of the Fourth Round Evaluation Report on corruption prevention in respect of members of parliament, judges and prosecutors. Overall, 15 recommendations have been implemented; nine have been partially implemented satisfactorily; and seven recommendations remain unimplemented. Ukraine should swiftly act on the outstanding recommendations in order to ensure further progress.

Relevant information is given in the answers to the guiding questions, question 4 of the subdivision II Legal Framework.

Deficiencies in the rules of the automated verification of the e-asset declarations continue to exist and should be addressed by the NACP in the medium term.

The procedure for conducting automated examination of declarations is provided for in the **Procedure for Conducting a Comprehensive Examination of the Declaration of a Person Authorised to Perform State or Local Government Functions, approved by the order of the NACP dated January 29, 2021, No. 26/21**, registered with the Ministry of Justice of Ukraine on November 16, 2023, No. 1983/41039, with amendments.

In particular, the following declarations can be examined automatically:

- those that contain data sufficient to identify the declarant's family members and objects of declaration;
- those that contain data that can be verified by comparing the declaration data with the registers and using certain formulas, for example, to identify signs of illicit enrichment or unjustified assets;
- those submitted for 2021 and subsequent reporting years (this follows from the change of the declaration form in 2021).

At the same time, declarations submitted by judges, judges of the Constitutional Court of Ukraine, except for retired judges, cannot be examined automatically, since the Law of Ukraine "On Prevention of Corruption" defines the specifics of the examination of declarations submitted by these categories of declarants.

After the automated examination, declarants receive a notification in their electronic accounts in the Register of Declarations about the automated examination.

The number of declarations that have been automatically examined (out of the number of declarations that can be automatically examined) as of March 31, 2024:

- 1) Declarations filed for the 2021 reporting period: 158,886 passed verification (28% of the number of declarations that were automatically verified).

2) Declarations filed for the 2022 reporting period: 136,247 passed verification (27% of the number of declarations that were automatically verified).

3) Declarations filed for the 2023 reporting period: 6610 passed verification (20% of the number of declarations that were automatically verified).

Further increasing its effectiveness, more awareness raising about the essential role of whistle-blowers, and launching a unified portal for their reports.

In accordance with the NACP's order dated August 31, 2023, No. 190/23 "On the Commencement of the Unified Whistleblower Reporting Portal," the NACP has officially put the "Unified Whistleblower Reporting Portal" information and communication system into industrial operation as of 00:00 on September 6, 2023 (<http://surl.li/lnvhc>).

At the beginning of September, the NACP updated information on the features of reporting and the functioning of the Unified Whistleblower Reporting Portal on its website.

Additionally, due to the launch of the Unified Whistleblower Reporting Portal, the NACP issued new clarifications, numbered as No. 3, dated August 31, 2023, regarding the receipt and handling of reports concerning possible corruption-related or corruption-associated violations and other offenses under the Law of Ukraine "On Prevention of Corruption": (<http://surl.li/layqw>).

Relevant information regarding the implementation of this recommendation is also provided in answers to the guiding questions, in particular question 13 of the subdivision III Institutional Framework (A. Prevention) and question 7 of the subdivision IV Results (Annual).

Another reform priority should focus on the reform of the forensic services, to ensure that NABU has a timely and uncompromised access to forensic expertise in its high-level corruption investigations. Similarly, NABU should be able to conduct wiretapping without the need to rely on the Security Service of Ukraine for its practical implementation.

No relevant developments during the reporting period.

The legal framework on whistle-blower protection should be completed and fully aligned with the EU acquis.

No relevant developments during the reporting period.

FUNDAMENTAL RIGHTS²⁴

Answers to the Guiding Questions

GENERAL

- *Have any legislative steps been taken to increase alignment with the EU Charter of Fundamental Rights?*

No relevant developments during the reporting period.

- *Have any new action plans/strategies in the field of human rights been adopted or are there any noteworthy results to report from the existing ones?*

No relevant developments during the reporting period.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ update the National Human Rights Strategy and Action Plan

The strategic documents of Ukraine in the field of human rights are the **National Strategy on Human Rights** (hereinafter referred to as the "National Strategy") and **the Action Plan**. The Ministry of Justice of Ukraine carries out an annual monitoring of the implementation of the National Strategy. In particular, as a result of such monitoring, an analytical report on the implementation of the National Strategy was prepared in March 2024, which was published on the website of the Ministry of Justice of Ukraine. According to the report, Ukraine is confidently moving towards achieving the goals of the National Strategy and, despite the armed aggression of the Russian Federation, continues to gradually achieve the corresponding results in the field of human rights.

The Ministry of Justice has developed a draft Decree of the President of Ukraine "On Amendments to the Decree of the President of Ukraine No. 119 of 24 March 2021". The purpose of the above-mentioned draft Decree is to amend the National Strategy on Human Rights aimed at addressing key issues of ensuring the realization of human rights, in particular in the context of the legal regime of martial law and post-war reconstruction of Ukraine. The draft Decree was approved at a Government meeting on 12 September 2023, and submitted to the President of Ukraine by letter of the Cabinet of Ministers of Ukraine No. 23798/0/2-23 of 13

²⁴ See Annexes here:

<https://drive.google.com/drive/folders/1DWSBb6j-TQf2-c3tnMo4150xO8nbVVcY?usp=sharing>

September 2023. The draft Decree is currently under consideration by the President of Ukraine.

In addition, the Action Plan is expected to be updated every 3 years, taking into account the human rights situation in Ukraine. After the approval of the President of Ukraine, the Ministry of Justice will begin the procedure of preparing a draft Action Plan for the implementation of the National Strategy on Human Rights for 2024-2026, which will include successive steps and measures aimed at implementing the updated National Strategy on Human Rights.

INTERNATIONAL HUMAN RIGHTS INSTRUMENTS

- ***Has the country ratified new international/European human rights instruments? How would you assess compliance overall with these standards?***

No relevant developments during the reporting period.

- ***Has the country undergone periodic review under any international instrument in the reporting period (for instance the Universal Periodic Review, CEDAW, ECRI or FCNM monitoring etc.) and how would you assess compliance with recommendations from previous rounds?***

In 2023 Ukraine did not undergo the Universal Periodic Review (UPR). According to the preliminary schedule for the 4th UPR cycle, Ukraine is due to submit a report on the implementation of the recommendations made during the 3rd cycle in October 2026. As part of the implementation of the recommendations of the 3rd UPR cycle and in order to harmonize national legislation with international law, Laws of Ukraine No. 2319 of 20 June 2022 "On Ratification of the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence" and No. 2812 of 01 December 2022 "On Amendments to the Criminal Code of Ukraine on Improving Liability for Torture" were adopted.

The State Service of Ukraine for Ethnic Affairs and Freedom of Conscience (DESS) is preparing the sixth periodic report for the sixth monitoring cycle of Ukraine's implementation of its obligations under the Framework Convention for the Protection of National Minorities.

EUROPEAN COURT OF HUMAN RIGHTS

- ***The figure on overall cases registered and judgements issued by the Court will be provided by the Registry of ECtHR via NEAR A2 in the following table.***

As of 31 December 2023, Ukraine ranked third among the member states of the Council of Europe in terms of the number of cases pending before the ECtHR. In

particular, the ECtHR received 8 750 cases against Ukraine, which is 12,8% of the total number of cases. ECtHR delivered 1 970 judgements in cases against Ukraine.

In 2023, the ECtHR delivered 130 judgments in cases against Ukraine, which found violations of the Convention. At the same time, from 01 January 2024 to 31 March 2024, 30 judgements were delivered.

- ***Indicate if any of the judgements concerning the country are in enhanced monitoring procedure (check on HUDOC Exec)?***

As of 31 March 2024, 631 judgments in cases against Ukraine are under enhanced monitoring procedure of the Committee of Ministers of the Council of Europe (see Annexes).

- ***Provide an assessment of the enforcement of judgements or if any problematic issues with regard to the implementation of judgements of the Court need to be reported.***

One of the indicators of inadequate addressing of the systemic and structural problems identified by the ECtHR in its judgments against Ukraine is the low level of legal culture of government officials, which is generally reflected in the lack of political will to comply with its international obligations.

Another problem is the lack of sufficient funding to address the structural/systemic problems identified in the judgments of the ECtHR in cases against Ukraine.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ establish an electronic signature and authentication system for applicants that will allow them to send and certify powers of attorney to the Ministry of Justice of Ukraine without the need for physical presence or access to government-controlled territory, institutions and legal representatives

The draft Law of Ukraine "On Amendments to Certain Legislative Acts to Strengthen the Protection of Human and Civil Rights and Freedoms in the Course of Enforcement of Judgments" (No. 10389 of 3 January 2024) was developed to improve the current legislation and ensure that Ukraine properly fulfills its international obligations to the Council of Europe in terms of proper and timely execution of judgments of the ECtHR, and to increase the time limits for keeping funds in a deposit account to comply with judgments of the ECtHR in cases against Ukraine.

PROMOTION AND ENFORCEMENT OF HUMAN RIGHTS

• *Assess the functioning of the system for enforcement of human rights and flag any deficiencies in this regard. Specify the institutions you are referring to (Ombuds, NHRI, equality body).*

According to Article 101 of the Constitution of Ukraine Parliamentary control over the protection of human and citizen constitutional rights and freedoms shall be conducted by the Ukrainian Parliament Commissioner for Human Rights. The model of the institution is based on the Ombudsman+ system, which includes functioning as an Ombudsman institution, a national human rights institution, an equality institution and institution that performs the function of the national preventive mechanism (NPM).

At the moment, the main deficiencies in the functioning of the human rights system are related to the limited powers of the Ombudsperson, insufficient funding of the institution, staff shortages and the consequences of armed aggression of Russian Federation.

• *Have there been any changes in the institutional framework for the protection and promotion of human rights? If yes, please indicate which ones (new competences for the Ombudsperson institution for example)?*

Pursuant to the requirements of the joint directive of the Minister of Defense of Ukraine and the Commander-in-Chief of the Armed Forces of Ukraine No. D-321/16/DSK of 26 February 2024 "On Additional Organizational Measures in the Armed Forces of Ukraine in 2024" and in order to enhance the protection of the rights of servicemen and their families, the Ministry of Defense of Ukraine established the Central Directorate for the Protection of Servicemen's Rights, which as of early April 2024 is at the stage of personnel recruitment.

The Law of Ukraine No. 3504-IX of 8 December 2023 "On Amendments to Certain Laws of Ukraine on the Consideration of the Expert Opinion of the Council of Europe and its Bodies on the Rights of National Minorities (Communities) in Certain Areas" was adopted by the Verkhovna Rada and signed by the President. In the adopted Law, the legislator stipulated that the Ukrainian Parliament Commissioner for Human Rights, exercises parliamentary control over the observance of the right of national minorities (communities) to the use of languages of national minorities. Additionally, it is important to highlight that amendments to the relevant law - the Law on the Ukrainian Parliament Commissioner for Human Rights - are currently being developed.

• *Please indicate only if there has been a change in the level of accreditation to the Global Alliance of National Human Rights Institutions.*

The Ukrainian Parliament Commissioner for Human Rights is an A-status

member of GANHRI. Re-accreditation of the institution is not planned for the upcoming year.

- ***Highlight any lasting divergence from the Venice Principles on Ombudsmen/the Paris Principles on NHRIs.***

No relevant developments during the reporting period.

- ***Assess any changes in the capacity of the bodies to perform their mandate (in terms of availability and quality of financial and human resources, professionalism, independence, merit-based appointment procedures).***

Main deficiencies in the functioning of the human rights system are mainly related to the insufficient funding of the institution and as a result lack of qualified personnel.

Armed aggression of the Russian Federation against Ukraine makes it impossible for the Commissioner`s Secretariat to have unimpeded access to the monitored objects. This factor has a negative impact on the effectiveness of the Commissioner's powers.

- ***Provide data and fill in the following table:***

Ombudsperson/NHRI			Equality bodies		
	2023	2024		2023	2024
Complaints	15100	912	Complaints		
Decisions	4723 final responses to requests for information rights, 92 orders to eliminate violations identified as a result of inspections in the field of personal data protection	1027 final responses on the results of consideration of appeals in the area of observance of information rights, 19 orders to eliminate violations identified during inspections in the field of personal data protection	Decisions		

Recommendations to the authorities	383	Cannot be identified, in progress	Recommendations to the authorities		
Implementation of the recommendations by the authorities (% of the total)	100%	Cannot be identified, in progress	Implementation of the recommendations by the authorities (% of the total)		
Main themes	Protection of personal data, protection of the right to access information, protection of the right to appeal, protection of the right to access open data		Main themes		

- *Assess any issues regarding the degree of compliance with recommendations of these bodies and the cooperation between these bodies and other State institutions. If relevant, include information on promotion/awareness-raising on human rights issues.*

Resolution of the Cabinet of Ministers of Ukraine No. 1054 of 6 October 2023 amending the Regulation on State Registration of Regulatory Acts of Ministries and Other Executive Bodies was approved, according to which one of the grounds for refusal to register a regulatory act is its failure to be approved by the Ukrainian Parliament Commissioner for Human Rights.

From 1 June 2023 to 31 March 2024, 3 650 legal education events were held to raise legal awareness, reaching 76 708 people. In addition, as part of the legal awareness campaign, 62 thematic posts on human rights were published on Facebook and Telegram, which were viewed 1 218 740 times.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

The Ukrainian Parliament Commissioner for Human Rights is preparing an annual report on the state of observance and protection of human and civil rights and freedoms in Ukraine for 2023 for consideration by the Verkhovna Rada of Ukraine. The report is a summary document that presents cases of violations of human and civil rights and freedoms in 2023 in the context of full-scale armed aggression

against Ukraine, to which the Ukrainian Parliament Commissioner for Human Rights took response measures. The report also contains conclusions and recommendations aimed at improving the state of human and civil rights and freedoms.

RIGHT TO LIFE

- *Update on any changes in the situation regarding the death penalty, extrajudicial killings, impunity or honour crimes.*

In 2023, law enforcement agencies registered 164 criminal offences related to human trafficking, of which 42 people were served with notices of suspicion of committing 109 criminal offences, and 29 indictments were submitted to court for 82 criminal offences.

In criminal proceedings registered in 2023, 91 people were recognised as victims, including: 30 women, 45 men, 6 minors and 10 children.

In 2023, 17 meetings of the Interagency Working Groups on the detection, suppression and investigation of crimes related to human trafficking were held.

PREVENTION OF TORTURE AND ILL-TREATMENT

- *Provide any relevant update with regard to the legal and policy framework.*

In pursuance of the recommendations of the European Commission, in particular to ensure compliance of anti-money laundering legislation with the standards of the Financial Action Task Force (FATF), and to adopt a comprehensive strategic plan for reforming the entire law enforcement sector as part of Ukraine's security environment, the President of Ukraine approved the Comprehensive Strategic Plan for Reforming Law Enforcement as Part of the Security and Defense Sector of Ukraine for 2023-2027 by Decree No. 273/2023 of 11 May 2023. By the Order of the Prime Minister of Ukraine No. 14706/1/1-23 of 22 May 2023, ministers and other heads of central executive authorities were instructed to ensure the implementation of the provisions of the Decree necessary for the implementation of the Comprehensive Strategic Plan in accordance with their competence.

The Order of the Cabinet of Ministers of Ukraine "On Amendments to the Strategy for Combating Torture in the Criminal Justice System and the Action Plan for its Implementation" was developed. The adoption and implementation of the it will contribute to achieving the main goal of the Strategy to address the systemic problem of ill-treatment of persons under state control (in pre-trial detention or penitentiary institutions) and the ineffectiveness of law enforcement agencies' investigation of complaints about such treatment.

- *Assess the functioning of mechanisms to prevent torture and ill-*

treatment, notably:

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *the National Preventive Mechanism (as per the Optional Protocol to the UN Convention Against Torture). Please indicate if there was a change compared to last year in terms of its functioning (in terms of resources, ability to perform its mandate) and indicate if there have been any restrictions to his/her access to places of detention/police custody.*

The functioning of the NPM remains unchanged during the reporting period. During the reporting period, there was **one case** of non-admission of an NPM group to conduct a visit to a privately owned social service institution. The access to places of detention in police custody for the NPM groups is **unimpeded**.

To address the problematic issues of ensuring the rights of detainees the pilot project “Custody Records Information Subsystem” of the information and communication system “Information Portal of the National Police of Ukraine” (IP “Custody Records”) is actively being implemented. As of 1 April 2024, the IP “Custody Records” pilot project has been implemented in 97 territorial (separate) police units and 168 human rights inspectors have been appointed. During the period from 15 June 2023 to 31 March 2024, Custody Records IP has been introduced in 47 territorial police units. As of March 2024, 234 human rights inspector positions have been appointed in 74 detention centers. It is necessary to establish 39 offices (workplaces) for human rights inspectors.

- *the body tasked with following up cases/allegations of ill-treatment by police or prison guards.*

The structural units responsible for human rights remain as follows: Human Rights Department of the Ministry of Internal Affairs, Department of the Main Inspection and Observance of Human Rights of the National Police and the Internal Security Department of the National Police. In the territorial (separate) police units where the IP Custody Records is functioning and human rights officers have been appointed. According to Article 216 of the Criminal Procedure Code of Ukraine, the State Bureau of Investigation is tasked with investigating cases of ill-treatment of detainees by police or prison guards.

In 2023, the pre-trial investigation bodies initiated 64 criminal proceedings, according to Art. 365 of the Criminal Code of Ukraine - 50, according to Art. 127 of the Criminal Code of Ukraine – 14 (of which 11 were due to torture by former police officers in the temporarily occupied territories). For the commission of criminal offenses of the mentioned category last year, 70 persons were notified of suspicion, according to Art. 365 of the Criminal Code of Ukraine - to 65 persons, according to Art. 127 of the Criminal Code of Ukraine - 5. Materials related to 42

facts were sent to the court, of which 38 were related to the fact of exceeding official powers and 4 were related to the fact of torture.

Since the beginning of 2024, 10 criminal proceedings have been initiated by the pretrial investigation authorities, according to Art. 365 of the Criminal Code of Ukraine - 7, according to Art. 127 of the Criminal Code of Ukraine - 3 (on the fact of torture by former policemen in the temporarily occupied territories). Due to the fact of exceeding official powers, 3 persons were notified of suspicion. Materials related to 2 cases of abuse of official authority were sent to the court.

- ***Indicate whether the country had a periodic or ad hoc visit from the European Committee for the Prevention of Torture and if so, what were the main findings and recommendations.***

On 16-27 October 2023, a delegation of the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT) visited Ukraine on its 17th monitoring visit to examine the implementation of previously provided recommendations within the competence of the Ministry of Justice to improve the work of the penitentiary system.

On 31 January 2024 Ministry of Justice processed the CPT's Preliminary Observations within its competence and provided the CPT Secretariat with additional information on the issues raised in them.

On 1 April 2024, the Ministry of Justice received a report on the results of the CPT visit to Ukraine. The organization of the implementation of the recommendations and observations set forth therein is underway. The report on their implementation should be submitted to the CPT by 1 October 2024.

- ***Indicate whether any recommendations are outstanding and what the country is doing to address them.***

The Committee wished to receive an update on the progress made in implementing the authorities' long-term plans to transfer responsibility for health care in prisons from the Ministry of Justice to the Ministry of Health. The Committee urged the Ukrainian authorities to ensure that prisoners receive effective medical treatment. The Committee recommended that any cells smaller than 6 square meters be expanded or decommissioned.

In the context of the work on the implementation of the CPT's recommendations, most of the problematic issues are covered by the Strategy for Reforming the Penitentiary System until 2026, approved by the Cabinet of Ministers of Ukraine No. 1153 of 16 December 2022.

In 2023, to implement the Action Plan, in particular, 2 740 places were created in penitentiary institutions of the State Criminal Executive Service of Ukraine (SCES), with conditions that meet national and international standards, and 301 places were created in pre-trial detention centers of the SCES.

On 28 March 2024, the Law of Ukraine No. 3342 of 23 August 2023 "On Amendments to the Criminal Code, the Criminal Procedure Code and Other Legislative Acts of Ukraine on Improving the Types of Criminal Punishment" came into force, aimed at introducing a sentence in the form of probationary supervision, which will contribute to the humanization of the penitentiary system and expand opportunities for the correction of a person without isolation from society.

- *Provide data and fill in the following table:*

Torture / Ill treatments / Excessive use of force				
	Police		Prisons	
	2023	2024	2023	2024
Reported cases	278	20		
Criminal convictions	24 cases overall			
Administrative decisions				

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

Law enforcement agencies continue to work to combat torture.

In total, during this period, **1480** criminal proceedings were investigated regarding 1711 criminal offenses of this category, namely 47 (63) under Article 127 of the Criminal Code of Ukraine and 1433 (1648) under Article 365 of the Criminal Code of Ukraine.

Based on the evidence collected in **20** such criminal proceedings (6 under Article 127 of the Criminal Code of Ukraine and 18 under Article 365 of the Criminal Code of Ukraine), **28** persons were served notices of suspicion, including 6 persons under Article 127 of the Criminal Code of Ukraine and 22 persons under Article 365 of the Criminal Code of Ukraine.

Also, based on the results of the pre-trial investigation, indictments were submitted to the court in **19** criminal proceedings (3 under Article 127 of the

Criminal Code of Ukraine and 17 under Art. 365 of the Criminal Code of Ukraine) against **20 persons**, namely 3 persons under Art. 127 of the Criminal Code of Ukraine and 17 persons under Art. 365 of the Criminal Code of Ukraine.

Decisions were made to close **413** criminal proceedings (12 - under Article 127 of the Criminal Code of Ukraine and 401 - under Article 365 of the Criminal Code of Ukraine). At the end of the period under review, pre-trial investigations were conducted in **1048** criminal proceedings of this category, including 32 under Article 127 of the Criminal Code of Ukraine and 1016 under Article 365 of the Criminal Code of Ukraine.

In the first quarter of 2024, **179** criminal offenses related to torture and other types of ill-treatment by law enforcement officers were registered, including 17 under Article 127 of the Criminal Code of Ukraine and 168 under Article 365 of the Criminal Code of Ukraine.

In total, during this period, **1266** criminal proceedings were investigated regarding 1438 criminal offenses of this category, namely 47/58 under Articles 127 of the Criminal Code of Ukraine and 1219/1380 of the Criminal Code of Ukraine.

Based on the evidence collected in **4** criminal proceedings, all under Art. 365 of the Criminal Code of Ukraine, **6** persons were served suspicion notices.

Also, based on the results of the pre-trial investigation, indictments were submitted to the court in **5** criminal proceedings charging **9 people** with committing a criminal offense under Art. 365 of the Criminal Code of Ukraine.

Decisions were made to close the pre-trial investigation in respect of **181** criminal offenses in 170 criminal proceedings (9 - under Article 127 and 172 - under Article 365).

As of 31 March 2024, pre-trial investigations were ongoing in **1068** criminal proceedings of this category, including 35 under Article 127 of the Criminal Code of Ukraine and 1033 under Article 365 of the Criminal Code of Ukraine (1212 offenses of this category, including 44 under Article 127 and 1168 under Article 365).

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ organise a review of the performance of the National Preventive Mechanism

The draft Special Report of the Ukrainian Parliament Commissioner for Human Rights "On the state of affairs with regard to the prevention of torture and other cruel, inhuman or degrading treatment or punishment in Ukraine in 2023" **has been prepared.**

→ to take into account the main recommendations of the European Committee for the Prevention of Torture set out in the 2020 report (they concerned, inter alia, poor material conditions of detention and the need to transfer medical care in prison to the general healthcare system)

See the information provided above.

→ improve the effectiveness of the mechanism for investigating ill-treatment at the pre-trial and prison stages

See the information provided above.

→ develop and implement a professional training program for law enforcement agencies aimed at changing the culture of mutual protection, provide mechanisms for monitoring the investigation of allegations of torture and obstruction of justice, in order to improve the efficiency of justice and protect the rights of citizens

The system of police in-service training covers the main provisions of the Convention, national legislation of Ukraine, international legal acts on human rights and freedoms, including the case law of the ECtHR. The curricula for initial professional training of police officers who are newly recruited to the police include the following subjects: "Fundamentals of constitutional law. Ensuring human rights and freedoms. Case law of the European Court of Human Rights", "Tolerance and non-discrimination in police work". Between September 2023 and February 2024, 3,072 people received initial police training.

The standard training curricula for advanced training of all categories of police officers, approved by the leadership of the National Police and the interested structural units of the central police management body, approved by the leadership of the Ministry of Internal Affairs of Ukraine, also provide for the study of the topic "Human Rights. Rule of law. Constitutionalism. International standards in the field of human rights. Freedom from torture, cruel, inhuman or degrading treatment or punishment. Case law of the European Court of Human Rights. Freedom and personal integrity. The right to privacy. Gender equality. Formation of gender competence in accordance with UN and NATO standards", "Tolerance and non-discrimination in police work. Interaction between police and society on the basis of partnership". Between September 2023 and February 2024, 13377 police officers received such training.

In 2023, 1 932 police officers completed the following programs: long-term advanced training, 4,059 short-term advanced training, and 59 specialization programs. In 2024, as of 29 February, 2024, 223 police officers completed the following programs: long-term advanced training, 738 short-term advanced training,

and 43 specialization.

EXECUTION OF CRIMINAL SANCTIONS

● *Assess the policy framework (overall strategy/action plan in relation to correctional systems)*

Following acts were developed and issued:

On 26 March 2024, the Cabinet of Ministers of Ukraine adopted Resolution No. 335 "On Amendments to Certain Resolutions of the Cabinet of Ministers of Ukraine on the Settlement of Certain Issues of Execution of Criminal Sentences and Detention of Prisoners of War".

Ministry of Justice of Ukraine issued an Order No. 3292/5 of 15 September 2023, which approved the Procedure for the arrangement of cells with improved conditions of detention and the provision of paid services to persons taken into custody in pre-trial detention centers of the SCES to ensure improved conditions of detention.

In order to improve the procedure for medical workers to record bodily injuries in persons taken into custody during their stay in remand detention centers of the SCES or institutions for the execution of punishments, as well as to notify relevant subjects of such cases within the established time limits, in June 2023, the Ministry of Justice of Ukraine and the Ministry of Health of Ukraine issued Order No. 2368/5/1164 "On Approval of Amendments to Certain Regulatory Acts of the Ministry of Justice of Ukraine, the Ministry of Health of Ukraine".

On 16 January 2024, the Cabinet of Ministers of Ukraine adopted Resolution No. 36 "On Amendments to Certain Resolutions of the Cabinet of Ministers of Ukraine on the Execution of Sentences in the Form of Probationary Supervision";

Order of the Ministry of Justice of Ukraine No. 4014/5 of 22 November 2023 "On Amendments to the Procedure for Submitting Materials to the Office of the President of Ukraine on Petitions for Pardon of Convicts and Execution of Decrees of the President of Ukraine on Pardon";

Order of the Ministry of Justice of Ukraine No. 4100/5 of 29 November 2023 "On Amendments to the Order of the Ministry of Justice of Ukraine of 27 February 2017 No. 680/5", which amended the Procedure for Determining the Type of Penitentiary Institution for Convicted Persons, Referral of Persons Sentenced to Imprisonment for a Fixed Term, Life Imprisonment, Arrest, Restraint of Liberty and Their Transfer, the Regulations on the Central and Interregional Commissions for Determining the Type of Penitentiary Institution for Convicted Persons, places of serving sentences for persons sentenced to imprisonment for a fixed term, life imprisonment, arrest and restriction of liberty, their referral and transfer to serve their sentences;

Order of the Ministry of Justice of Ukraine No. 4183/5 of 5 December 2023 "On Amendments to Certain Regulatory Legal Acts of the Ministry of Justice of

Ukraine", which amended the Instruction on the work of departments (groups, sectors, senior inspectors) for control over the execution of court decisions in penitentiary institutions and pre-trial detention centers;

Order of the Ministry of Justice of Ukraine No. 303/5 of 5 February 2024 "On Approval of Amendments to the Procedure for Supervision and Social and Educational Work with Persons Sentenced to Non-Custodial Punishments";

Order of the Ministry of Justice of Ukraine No. 338/5 of 6 February 2024 "On Approval of Amendments to Certain Regulatory Legal Acts of the Ministry of Justice of Ukraine", which amended the Model Regulation on the Authorized Probation Body and the Model Regulation on the Juvenile Probation Sector;

Order of the Ministry of Justice No. 717/5 of 18 March 2024 "On Approval of Amendments to Certain Regulatory Legal Acts of the Ministry of Justice of Ukraine", which amended the Rules of Internal Regulations of Penitentiary Institutions, and the Rules of Internal Regulations of Pre-trial Detention Facilities of the State Criminal Execution Service of Ukraine;

Order of the Ministry of Justice of Ukraine No. 709/5 of 18 March 2024 "On Approval of the Procedure for the Use of Electronic Means of Control and Supervision over the Conduct of Persons Entrusted with this Duty".

It should also be noted that the Verkhovna Rada of Ukraine is currently considering draft laws aimed at regulating issues related to the observance of human rights in places of deprivation of liberty and pre-trial detention facilities, as well as the possibility of early release of convicts for military service under contract.

• *If relevant, please provide information on issues regarding management of prisons (for instance appointments which are politicised, not merit-based)?*

Closed procedure for the appointment of the colony management, lack of a legally established mechanism for the appointment of the head of a penal institution (pre-trial detention center) through an effective and fair selection process (competition) that would facilitate the selection of persons capable of professionally performing their duties in compliance with the principles of equal access, political impartiality, legality, public trust, non-discrimination, transparency, and integrity.

The Law of Ukraine "On the State Budget of Ukraine for 2024" approved expenditures for the Ministry of Justice of Ukraine under the budget program CPELC 3601020 "Execution of Sentences by Institutions and Bodies of the State Criminal Executive Service of Ukraine" in the amount that covers the estimated need by only 38,3%.

The lack of prestige of the profession due to the difficult and specific conditions of work (service), the lack of programs and measures to prevent professional deformation and emotional burnout of penitentiary and probation staff.

Insufficient implementation of digital technologies both in the management of penitentiary institutions (pre-trial detention centers) and in the field of criminal

sentencing and probation in general.

• ***Provide an overall/general assessment of conditions/capacities in police custody/pre-trial detention/prison including in juvenile facilities and any special medical facilities. If necessary, provide distinction between renovated and not renovated premises. Please refer to any CPT findings or recommendations in this regard.***

Functioning of temporary detention centers is regulated by the Order of the Ministry of Internal Affairs No. 777 of 25 September 2023 on the organization of functioning of the temporary detention centers of the National Police of Ukraine.

Repair and construction work in temporary detention centers are carried out in accordance with the established procedure, depending on availability of appropriate financing. During 2023, capital repairs (reconstruction) were completed in 5 temporary detention centers, and reconstruction is ongoing in 6 of these institutions.

Today, 88 temporary detention facilities require repair and construction work (the number does not include those planned for 2024).

• ***If change: Are facilities for women and for children adequate and separate from adult male population?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Currently, there is one juvenile correctional facility in Ukraine (Kremenchuk, Poltava region), where male juveniles sentenced to imprisonment are held (as of 4 April 2024, the facility holds 28 juveniles and 20 adults).

The state institution "Zbarazh Educational Colony (No. 63)" has a sector for juvenile female offenders sentenced to imprisonment separately from adult offenders (as of 04 April 2024, 4 juveniles are held in the sector).

• ***Indicate if new sectorial strategies have been adopted (for instance to combat corruption in prison, to improve healthcare, to manage addiction).***

The Order of the Ministry of Justice of Ukraine No. 3292/5 of 15 September 2023 approved the Procedure for Arrangement of Chambers with Improved Conditions of Detention and Provision of Paid Services to Detainees in Pre-trial Detention Facilities of the State Criminal Execution Service of Ukraine to Ensure Improved Conditions of Detention. This Procedure applies to persons taken into custody in pre-trial detention centers of the SCES and regulates the arrangement of cells with improved conditions of detention and the provision of paid services to ensure improved conditions of detention.

It provides for systemic measures to improve the conditions of detention of convicts and persons taken into custody. In 2023, it was planned to create 500 such

places, but this figure was exceeded and 1 081 places were created (216% of the plan). In total, in 2023, 2 740 places were created in penitentiary institutions, the conditions of which meet national and international standards. In pre-trial detention centers, 301 places were created.

● ***Please report on any issue with regard to healthcare in prison/pre-trial detention, including availability of specialised treatment programmes?***

Among prisoners and detainees, there is a significant prevalence of tuberculosis, HIV, hepatitis, and behavioural disorders caused by opiate use.

Standard operating procedures for the treatment and prevention of HIV, tuberculosis, hepatitis and complex therapy with the use of substitution maintenance therapy for people with mental and behavioural disorders due to opiate use have been introduced.

● ***Assess access to and availability of education, rehabilitation and resocialisation programmes for persons deprived of their liberty, including juveniles.***

In accordance with the Procedure for developing, implementing and evaluating the results of programs of differentiated educational influence on convicts, the following *correctional programs* were developed and approved:

- correctional program "Changing Criminal Thinking" (project "The European Union and the Council of Europe Working Together to Support Prison Reform in Ukraine (SPERU), approved by the Order of the Ministry of Justice of Ukraine No. 4262/5 of 13 December 2023"

- correctional program "Emotion Management" (project "The European Union and the Council of Europe working together to support prison reform in Ukraine (SPERU), approved by the Order of the Ministry of Justice of Ukraine No. 4414/5 of 26 December 2023");

During 2024, it is planned to develop and approve correctional programs "Overcoming Domestic Violence", "Conscious Choice", on the prevention of substance use among juvenile convicts, "I am Dad", for convicted men with children under the age of 18, on the formation of responsible parenthood and combating abuse, and "Social and Psychological Adaptation to Prison Conditions".

Education

As of 1 January 2024, the general education process was carried out in 78 institutions. There are 2525 people receiving complete general secondary education.

In 2023:

- 207 people received a certificate of basic secondary education;
- 485 people received a certificate of complete general secondary education.

As of 1 January 2024, there are 45 vocational education institutions in penal institutions. As of January 2024, 3 832 convicts have completed their studies and received their professions, 3 003 convicts continue to study.

There are 30 people who are pursuing professional higher education.

As of January 2024, 1 158 people in penitentiary institutions and pre-trial detention centers started studying at vocational training courses for workers in production.

According to the reporting information, in 2023, 3722 persons from among convicts and detainees expressed a desire to be trained on online educational platforms. At the same time, 3365 people completed their studies and received certificates. The most popular online courses among convicts and prisoners are those provided by projects: "Prometheus, EdEra, Diia. Digital Education, and All-Ukrainian School Online.

In Order to safeguard the best interests of **children in criminal proceedings**, as well as to implement the joint Order "On the introduction and implementation of a pilot project on the implementation of international standards of child-friendly justice in practice" No. 150/445/2077/5/187 of 1 June 2023, the staff of the bodies and institutions of Lviv, Chernivtsi, Poltava, Zhytomyr, Kirovohrad, Cherkasy, Ternopil regions and the city of Kyiv, and which are designated as pilot institutions, comply with the standards in the field of juvenile sentencing, namely in terms of individualised preventive and psychological work with juveniles, providing explanations of the rights of prisoners and organising leisure activities.

• *Update the information on the Probation system, including availability of alternative measures to detention throughout the country or for juveniles. Assess whether this is functional and its impact (notably regarding re-offending rates, conditions in detention).*

In 2023, the probation system was demilitarized, and probation officers were freelance personnel working under an employment contract.

As of 2023, there were 575 authorized probation agencies that enforced court decisions against those sentenced to non-custodial sentences and those released from serving probation.

In 2023, more than 121 thousand offenders served their sentences without imprisonment, of whom 67,3 thousand are currently registered with probation authorities.

● *Provide data and fill in the following table:*

Prisons			
	2022	2023	2024
	48251	42726	43927
Occupancy rate	Information is provided in Annexes		
Average duration of pre-trial detention	not conducted		

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

"...Due to the inadequate conditions of detention in Ukraine, foreign courts sometimes refuse to grant extradition requests to Ukrainian institutions. This hinders Ukraine's fight against serious crimes, including corruption and organized crime."

In pursuance of paragraph 1.9 of the resolution of the joint meeting of heads of law enforcement and other state bodies of 20 December 2023 on the state of international cooperation in criminal proceedings under the legal regime of martial law in Ukraine, taking into account the amendments to Article 86 and Part 1 of Article 93 of the Criminal Executive Code of Ukraine, Part 9 of Article 4 and Part 2 of Article 8 of the Law of Ukraine "On Pre-trial Detention", the Order of the Ministry of Justice of Ukraine No. 152/5 of 16 January 2024 defines the list of penitentiary institutions for detention of convicts "Zhytomyr Correctional Colony (No. 4), Bila Tserkva Correctional Colony (No. 35), Drohobych Correctional Colony (No. 40), Kolomyia Correctional Colony (No. 41), Zbarazh Correctional Colony (No. 63), Zakarpattia Penitentiary Institution (No. 9) and Chortkiv Penitentiary Institution (No. 26).

To ensure prompt resolution of issues, professional support for the planning and implementation of measures to create sectors for the detention of extradited persons, the meeting approved the composition of the joint working group and the rules of procedure for its work on 5 February 2024.

The working group held meetings (05 February 2024, 22 February 2024, 26 February 2024, 01 March 2024 and 06 March 2024) to develop and approve the schemes of institutions for the redevelopment of the premises of the sectors for the

detention of extradited persons for the further development of design estimates and design tasks, as well as the conclusion of contracts for the implementation of design work.

At a meeting of the working group on 2 April 2024, the issue of arranging sectors for extradited persons in the designated institutions was considered. Currently, work is underway to equip the conditions for extradited (transferred) persons in the designated institutions.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ to address the key challenges of the National Human Rights Strategy 2021 and the multi-year strategy for reforming the penitentiary system until 2022, in the context of unsatisfactory conditions of detention in Ukraine

On 29 June 2023, the Verkhovna Rada of Ukraine adopted Law of Ukraine No. 3185-IX "On Amendments to Certain Legislative Acts of Ukraine on the Functioning of Penitentiary Institutions and Pre-trial Detention Facilities during Martial Law" (hereinafter - Law No. 3185), which was developed by the Ministry of Justice of Ukraine to improve certain provisions regulating the mechanism for exercising the rights of convicts and persons taken into custody, as well as the procedure and conditions of their detention in penal institutions and pre-trial detention facilities, in particular, during martial law.

In order to improve the procedure for medical professionals to record bodily injuries in persons taken into custody during their stay in pre-trial detention centers of the State Criminal Executive Service of Ukraine or penitentiary institutions, as well as to report such cases to the relevant entities within the established time limits, on 27 June 2023, the Ministry of Justice of Ukraine and the Ministry of Health of Ukraine issued Order No. 2368/5/1164 "On Approval of Amendments to Certain Regulatory Acts of the Ministry of Justice of Ukraine, the Ministry of Health of Ukraine, and the Ministry of Health of Ukraine".

In Order to implement the Law of Ukraine No. 3480-IX of 21 November 2023 "On Amendments to Certain Legislative Acts of Ukraine on Ensuring the Observance of the Rights and Freedoms of Convicts Transferred to Ukraine to Serve Sentences, as well as Persons in Respect of Whom the Competent Authority of a Foreign State Has Decided to Extradite Them to Ukraine (Extradition) for Prosecution or Execution of a Sentence" (hereinafter - Law No. 3480), the Ministry of Justice of Ukraine issued Order No. 101/5 of 11 January 2024 "On Amendments to Certain Regulatory and Legal Acts of Ukraine".

The Draft Law of Ukraine "On Establishment of a Dual System of Regular Penitentiary Inspections" (Reg. No. 5884), which provides for the establishment and

operation of a dual system of regular penitentiary inspections (external and internal) to ensure the observance of human and civil rights and freedoms of persons held in pre-trial detention centers, penitentiary institutions, health care facilities of the State Institution "Health Care Center of the State Criminal Execution Service of Ukraine".

Draft Law of Ukraine "On Amendments to Certain Legislative Acts on Measures Aimed at Restoring the Rights of Convicted Persons and Persons in Custody Due to Improper Conditions of Detention" (Reg. No. 5652) and the draft Law of Ukraine "On Amendments to the Criminal Code of Ukraine and the Criminal Procedure Code of Ukraine on Measures Aimed at Restoring the Rights of Convicted Persons and Persons in Custody Due to Improper Conditions of Detention" (Reg. No. 5653);

The following measures have been taken to bring the material, living and sanitary conditions for convicts and persons taken into custody in line with international standards:

- 2,740 places were created in penal institutions of the SCES, with conditions that meet national and international standards;

- 301 places were created in pre-trial detention centers of the SCES, the conditions of which meet international standards;

- 302 cells with 929 beds were repaired in the pre-trial detention centers of the SCES to meet sanitary and hygienic conditions;

- work was carried out on 27 overhaul facilities and 6 reconstruction (restoration) facilities;

- 1614 places of detention for convicts were equipped in the penitentiary institutions of the SCES, which guarantee privacy, security, sufficient living space and compliance with sanitary and hygienic standards.

→ to take into account the recommendations of the European Committee for the Prevention of Torture to transfer responsibility for health care in places of detention to the Ministry of Health

See the information provided above.

→ create/develop additional mechanisms (including non-judicial ones) to overcome the consequences of Russia's brutal war and restore justice in all Ukrainian territories

New approaches to the investigation of international crimes are being implemented. On 15 September 2023, the Prosecutor General approved the Strategic Plan for the implementation of the powers of the prosecutor's office in the field of criminal prosecution of international crimes for 2023-2025.

PERSONAL DATA PROTECTION

• *Provide updated information on the degree of alignment of the legislation with the EU acquis. What is the progress to align it with the General Data Protection Regulation 2016/679 and Law Enforcement Directive 2016/680?*

The draft of the new Law of Ukraine "On Personal Data Protection" (reg. No 8153) provides for certain implementation norms in the law enforcement sphere by maximising the approximation of the provisions of the draft law to the European requirements. Currently, Draft Law No. 8153 is included in the agenda of the eleventh session of the Verkhovna Rada of Ukraine of the ninth convocation (Resolution of the Verkhovna Rada of Ukraine No. 3562-IX of 6 February 2024).

In May 2023, the Verkhovna Rada of Ukraine received a legal opinion from Council of Europe experts on the draft law Reg. No. 8153. In 2023, sectoral discussions on the draft law were held, including with representatives of the banking and telecommunications community, government agencies, and public associations, to develop a coordinated position.

On 19 December 2023, the Verkhovna Rada Committee on Human Rights, De-occupation and Reintegration of the Temporarily Occupied Territories of Ukraine, National Minorities and International Relations decided to recommend that the Verkhovna Rada of Ukraine adopt the draft law reg. No. 8153 as a basis.

In addition, the Verkhovna Rada of Ukraine registered the Draft Law of Ukraine "On the National Commission on Personal Data Protection and Access to Public Information" (Reg. No. 6177), which provides for the establishment of a new supervisory authority in the field of personal data protection and defines the status, powers, principles of organization and procedure of this authority.

• *If change, provide information on ratification of the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data of the Council of Europe (ETS No. 108) and its Additional Protocol (CETS No. 181) regarding supervisory authorities and trans-border data flows? Has the country already signed and ratified Protocol CETS No 223, amending and updating the Convention – Convention 108+?*

No relevant developments during the reporting period.

• *Provide an overall/general assessment of the implementation of the law.*

No relevant developments during the reporting period.

• *Assess the functioning of the data protection supervisory authority and any issues with regard to independence and resources (human and financial). Is the authority consulted on the data protection aspects of draft legislation prior to its*

approval and are the comments followed up? Are the decisions and recommendations of the authority followed up by the other institutions/authorities?

The number of inspections in the field of personal data protection in 2023 increased by 16% compared to 2022 (85 inspections in 2022 and 101 inspections in 2023).

Public authorities submit regulations that include personal data protection issues for approval to the Ukrainian Parliament Commissioner for Human Rights. Thus, in 2023, 745 draft regulatory legal acts were processed that addressed the issue of personal data protection.

- *Assess the respect of data protection standards by the judiciary, law enforcement and other most relevant areas for the protection of personal data e.g. telecommunication, electoral, medical, education and banking sectors*

During the reporting period, the staff of the Commissioner's Secretariat conducted 101 inspections of compliance with personal data protection legislation. All orders of the Ukrainian Parliament Commissioner for Human Rights to eliminate violations were fully complied with by the subjects of inspections.

Report on Monitoring the State of Information Rights under Martial Law for 2023 was presented in the field of access to public information. Training manual for trainers Access to Public Information for Civil Servants and Local Government Officials was developed and presented, and trainings were held on the peculiarities of exercising the right to access to public information during martial law and on the peculiarities of observing the constitutional right to appeal during martial law for employees of state authorities.

- *Provide data and fill in the following table:*

Data protection			
	2022	2023	2024
Inspections	85	101	26
Complaints received	844	1205	204
Decisions	75	92	19
Administrative sanctions	4	9	1
Declarations of data breaches	-	-	-

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ develop proposals for improving the 2010 Law on Personal Data Protection to ensure greater detail and efficiency of its implementation

See the information provided above.

FREEDOM OF THOUGHT, CONSCIENCE AND RELIGION

● *Assess the respect of the freedom and indicate any potential issues, including regarding Jewish life. Please assess the relations between different religions in the country.*

Ukraine remains open and tolerant of all religions, and the rights of believers are protected by law.

Among the *potential problems* that can be noted:

- Termination of lease agreements with the Ukrainian Orthodox Church (hereinafter - UOC) and return of the largest church complexes to state ownership - these processes cause the largest number of conflicts and accusations of violations of religious rights of believers by representatives of the Ukrainian authorities, but representatives of Ukrainian state bodies act exclusively within the legal framework and do not commit any illegal actions;

- The cooperation of the UOC with the occupying country remains a tool for spreading Russian narratives in Ukraine. The Security Service of Ukraine continues to expose new representatives of the UOC who actively cooperate with the occupying state or media representatives who, ignoring the code of journalistic ethics, cover events around the UOC in a light favorable to Russia.

- Jewish Life - there are isolated cases of anti-Semitic vandalism in various cities of Ukraine. One of these cases was the actions of unknown persons on 26 October 2023, who doused the premises of the functioning Chabad-Lubavych synagogue in the city of Mykolaiv. The offenders sprayed paint on the wall and windows of the synagogue in several places. In December, during the media monitoring, it became known that in Kremenchuk, Poltava region, a Hanukkah menorah installed by representatives of the city's Jewish community on the occasion of Hanukkah was overturned. In Kyiv, a man desecrated Hanukkah and posted a video of the act on social media. Criminal proceedings on the fact of violation of the equality of citizens with preliminary legal qualification under part one of Article 161 of the Criminal Code of Ukraine were initiated.

Relations between different religions in Ukraine

After the publication by the State Service of Ukraine for Ethnic Policy and Freedom of Conscience on 31 January 2023 of the Conclusion of the religious examination of the Statute on the governance of the Ukrainian Orthodox Church for the presence of ecclesiastical and canonical ties with the Moscow Patriarchate, which confirmed the fact that the UOC belongs to the Russian Orthodox Church, massive processes of changing confessional affiliation from the UOC to the OCU began, which further aggravated relations between these parishes.

FREEDOM OF EXPRESSION

(see separate set of guiding questions)

Information is provided in a separate subsection “Freedom of expression”.

FREEDOM OF ASSEMBLY AND ASSOCIATION

• *Report any restrictions with regard to freedom of peaceful assembly and association. Indicate any changes in the legal framework with regard to alignment with the Guidelines on Freedom of Peaceful Assembly of ODIHR and in the system for organisation of peaceful assemblies (authorisation or notification procedure, administrative provisions, designated locations etc).*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Indicate any changes to the grounds on which an assembly may be prohibited. Assess the policing of assemblies. Have any instances of excessive use of force being reported? Are any cases being tried or are there any ECtHR judgements regarding the right to peaceful assembly? Is training on policing of assemblies in line with European standards taking place? Are the standards of the UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials respected?*

According to the information posted on the official website of the ECtHR HUDOC, for the period from 1 January 2023 to 31 March 2024, the European Court delivered 1 judgment in a case against Ukraine, which found a violation of Article 11 of the Convention, namely the judgment in the case of Cheremsky v. Ukraine (application no. 20981/13).

In addition, on 14 February 2023, the Government, by its Order No. 160, approved an action plan until 2024 for the implementation of the National Strategy for Promoting the Development of Civil Society in Ukraine for 2021-2026, paragraph 4 of which provides for an event to study the practice of applying legal guarantees and mechanisms for the implementation of freedom of peaceful assembly with a deadline of December 2024.

• *What is the procedure to register an association? Are any restrictions in place (for instance prohibition of associations based on religion or ethnicity or political affiliations etc.)?*

The legal and organizational framework for the exercise of the right to freedom of association, as well as the procedure for the establishment, operation and termination of public associations, is set out in the Law of Ukraine "On Public Associations".

Pursuant to Article 9(1) of the Law, a non-governmental organization shall be established at a constituent assembly of its founders and shall be formalized by a protocol. A non-governmental association that intends to operate with or without the status of a legal entity is subject to state registration in accordance with the procedure established by the Law of Ukraine "On State Registration of Legal Entities, Individual Entrepreneurs and Public Organizations" within 60 days from the date of the constituent assembly.

The list of documents to be submitted for state registration of a public association with the status of a legal entity is set forth in part one of Article 17 of the Registration Law. The documents to be submitted by the applicant for state registration of a non-governmental organization that does not have the status of a legal entity are provided for in Article 19 of the Law on Registration.

The term for state registration of a public association, local branch of a public association with the status of a legal entity and a public association that does not have the status of a legal entity is three business days from the date of submission of documents for state registration.

State registration of a public association is free of charge.

Restrictions on the establishment and operation of public associations are regulated in Article 4 of the Law.

PROPERTY RIGHTS

• *Assess the overall situation with regard to property rights, including the legal and institutional framework.*

Civil Code of Ukraine is the main act of civil legislation of Ukraine (part two of Article 4). Book 3 of the Civil Code is devoted to property rights and other rights. According to Article 328 of the Civil Code of Ukraine, property rights are acquired on the grounds not prohibited by law, in particular, from transactions.

No one shall be unlawfully deprived of the right to property. The right to private property is inviolable. The right of ownership shall be deemed to have been lawfully acquired, unless otherwise expressly provided by law or the illegality of the acquisition of the right of ownership or the unjustified nature of the assets held in ownership is established by a court.

In connection with the armed aggression of the Russian Federation against

Ukraine, the state, performing a social function, at the level of the Law of Ukraine adopted by the Verkhovna Rada of Ukraine on 23 February 2023 "On compensation for damage and destruction of certain categories of immovable property as a result of hostilities, acts of terrorism, of sabotage caused by the armed aggression of the Russian Federation against Ukraine, and the State Register of property damaged and destroyed as a result of hostilities, acts of terrorism, sabotage caused by the armed aggression of the Russian Federation against Ukraine" a special compensation mechanism was created, including with the aim of guaranteeing the housing rights of citizens.

In turn, the Government adopted a number of subordinate legal acts to implement the provisions of this Law, in particular Resolution of the Cabinet of Ministers of Ukraine dated 21 April 2023 No. 381 "On approval of the Procedure for providing compensation for the restoration of certain categories of real estate objects damaged as a result of hostilities, acts of terrorism, sabotage caused by the armed aggression of the Russian Federation, using the electronic public service "ERecovery"", dated 19 May 2023 No. 516 "Some issues of the organization of the work of the commission for consideration of issues regarding the provision of compensation for destroyed objects of immovable property as a result of hostilities, terrorist acts, sabotage caused by the armed aggression of the Russian Federation against Ukraine", dated 30 May 2023 No. 600 "On approval of the Procedure for providing compensation for destroyed real estate objects", dated 13 June 2023 No. 624 "Some issues of ensuring the functioning of the State register of property damaged and destroyed as a result of hostilities, acts of terrorism, sabotage caused by the armed aggression of the Russian Federation against Ukraine", dated 27 October 2023 No. 1185 "On the implementation of an experimental project on conducting a survey of destroyed individual categories of real estate objects, in particular from using information products of remote sensing of the land".

• Are any cases relating to property rights being lodged at the ECtHR? Have any judgements in this field been pronounced against the country? Is the enforcement of judgements in this field adequate?

According to the information posted on the official website of the ECtHR HUDOC, for the period from 1 January 2023 to 31 December 2023, the European Court delivered 7 judgments in cases against Ukraine, which found a violation of Article 1 of Protocol No. 1 to the Convention, in particular, judgments in the cases of: "Yakovleva v. Ukraine (application no. 50704/15), Dovbyshev v. Ukraine (application no. 68447/12), Safarov v. Ukraine (application no. 65239/14), Korotyuk v. Ukraine (application no. 74663/17), "Laptev v. Ukraine (application no. 30666/13), Davydenko v. Ukraine (application no. 45903/16) and Azalea LLC and others v. Ukraine (applications no. 31211/14 and no. 31338/14).

For the period from 1 January 2024 to 31 March 2024, the ECtHR delivered 2 judgments - Gration Trade LLC v. Ukraine (application No. 9166/14) and Shmakova v. Ukraine (application No. 70445/13).

In the cases of *Safarov v. Ukraine* and *Laptev v. Ukraine* The Commissioner sent to the CoE CM reports on the implementation of the said judgments of the ECtHR, which provided information on the measures taken of an individual and general nature, in connection with which it was noted that the state had fulfilled its obligation under Article 46 of the Convention and proposed to terminate the supervision of their implementation. Available on the official website of the European Court of Human Rights HUDOC at the following links:

[https://hudoc.exec.coe.int/?i=DH-DD\(2024\)278E](https://hudoc.exec.coe.int/?i=DH-DD(2024)278E)

[https://hudoc.exec.coe.int/?i=DH-DD\(2023\)1288E](https://hudoc.exec.coe.int/?i=DH-DD(2023)1288E)

In the cases of *Davydenko v. Ukraine*, *Korotyuk v. Ukraine* and *Azaliya LLC and Others v. Ukraine* The Commissioner sent to the CoE CM action plans for the implementation of the above judgments of the ECtHR, which provided information on the measures taken and informed about further informing the CoE CM on the progress in their implementation. Available on the official website of the ECtHR HUDOC at the following links:

[https://hudoc.exec.coe.int/?i=DH-DD\(2024\)213E](https://hudoc.exec.coe.int/?i=DH-DD(2024)213E)

[https://hudoc.exec.coe.int/?i=DH-DD\(2024\)212E](https://hudoc.exec.coe.int/?i=DH-DD(2024)212E)

- ***Indicate any updated issues with regard to the cadastre, registration processes, restitution, compensation, or legalisation processes.***

No relevant developments during the reporting period.

- ***Highlight the main outstanding issues in this field. If useful, provide statistics in this field.***

No relevant developments during the reporting period.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ improve the State Register of Real Property Rights. Ensure that all property rights, including those acquired before its introduction and stored in the State Land Cadastre, are included in the register. Adopt the necessary legislative changes to resolve inconsistencies

Pursuant to Article 182(1) of the Civil Code of Ukraine, ownership and other real rights to immovable property, encumbrances on these rights, their creation, transfer and termination are *subject to state registration*. Rights to immovable property subject to state registration *arise from the date of such registration* in

accordance with the law (part four of Article 334 of the Code).

The system of state registration of real rights to real estate and their encumbrances in accordance with the Law of Ukraine "On State Registration of Real Rights to Real Estate and Their Encumbrances" was introduced in Ukraine on 1 January 2013. State registration of rights is carried out on an application basis.

Part one of Article 2 of the Law defines the range of entities that may be an applicant for state registration of rights in the State Register of Rights. The grounds for state registration of rights are set forth in Article 27 of the Law. The conditions, grounds and procedure for state registration of rights in accordance with the Law, the list of documents required for its conduct, the rights and obligations of entities in the field of state registration of rights, as well as the conditions, grounds and procedure for registering ownerless real estate are set out in the Procedure for State Registration of Real Property Rights and Encumbrances, approved by Resolution of the Cabinet of Ministers of Ukraine No. 1127 of 25 December 2015 (amended).

As a general rule, state registration of property rights and other real rights is carried out within the Autonomous Republic of Crimea, the region, the cities of Kyiv and Sevastopol at the location of the real estate (Article 3(5) of the Law). However, in accordance with the Order of the Ministry of Justice of Ukraine No. 898/5 of 28 March 2016 "On Settlement of Relations Related to the State Registration of Real Property Rights to Real Estate Located in the Temporarily Occupied Territory of Ukraine" (as amended), under martial law and within one month from the date of its termination or cancellation, state registration of ownership and other real rights to real estate located in the Autonomous Republic of Crimea, Donetsk, Zaporizhzhia, Luhansk, Mykolaiv, Kharkiv, Kherson regions, the city of Sevastopol, and the city of Kyiv and Sevastopol is not required.

Pursuant to Article 6(1) and Article 10 of the Law, state registration of rights is the responsibility of executive bodies of village, town and city councils, Kyiv and Sevastopol city, district, and district administrations in the cities of Kyiv and Sevastopol, and notaries.

The procedure and peculiarities of state registration of rights during martial law and within one month from the date of its termination or cancellation are regulated by Resolution of the Cabinet of Ministers of Ukraine No. 209 of 6 March 2022 "Some issues of state registration and functioning of unified and state registers held by the Ministry of Justice under martial law".

According to subparagraph 1 of paragraph 1 of the Resolution, state registration, except for state registration, which is carried out automatically in accordance with the law, is carried out, in particular by state registrars of real rights to immovable property and their encumbrances who are in an employment relationship with the subject of state registration of rights, *whose location is in an administrative-territorial unit that does not belong to the territories where active hostilities are being conducted or temporarily occupied*, and who meet the requirements specified in subparagraph of this paragraph notaries included in the list of notaries approved by the Ministry of Justice who may perform notarial acts with

respect to valuable property under martial law.

The list of territories where military operations are being (were) conducted or temporarily occupied by the Russian Federation was approved by the Order of the Ministry of Reintegration of the Temporarily Occupied Territories of Ukraine No. 309 of 22 December 2022.

During the reporting period, the state registration of a special property right to an object under construction, a future real estate object, was carried out.

The Law of Ukraine "On Guaranteeing Property Rights to Real Estate Objects to be Constructed in the Future" is being implemented, which defines the peculiarities of civil turnover of construction in progress and future real estate objects and is aimed at guaranteeing property rights to such objects.

NON-DISCRIMINATION

• *Assess whether legislation is in line with EU acquis and European standards, including as regards hate crime and hate speech. In particular, stress whether the legislation is in line with the Framework Decision on combating certain forms and expressions of racism and xenophobia by means of criminal law. Provide updates on any changes.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Indicate if any new strategy/action plan has been adopted to fight discrimination or any noteworthy results yielded by existing strategies. Assess implementation.*

The State Targeted National and Cultural Program "Unity in Diversity" for the period up to 2034, adopted by Order of Cabinet of Ministers of Ukraine № 850 of September 26, 2023 provides for the establishment in 2024 and the operation throughout the program of a working group to coordinate the interaction of public authorities to prevent and combat discrimination.

Also, in 2026, it is planned to develop and submit to the Verkhovna Rada of Ukraine a draft law on amendments to certain laws of Ukraine on the prohibition of the use of hate speech. For 2026 and 2027, measures are planned to raise awareness of the peculiarities of detecting hate speech, ways to combat its manifestations and prevent hate speech in local state administrations and local governments.

Annual events of nationwide information campaigns on the integration of Ukrainian society, prevention, and counteraction to hate speech and discrimination are also planned to be conducted.

• *Indicate whether the country established a framework to combat racism in line with the EU Anti-racism Action Plan 2020-2025 or on combating anti-*

semitism in line with the Strategy on combating antisemitism and fostering Jewish life during the reporting period.

No relevant developments during the reporting period.

• Assess the functioning of the equality body and whether it complies with the Commission recommendation on standards for equality bodies/Proposed directives on binding standards for equality bodies/ECRI General Policy Recommendation N°2 revised on Equality Bodies to combat racism and intolerance at national level. Highlight any changes in mandate, any challenges and assess its independence.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Is discrimination, hate crime or hate speech an issue in the country and have cases been reported (either officially or in media/NGO reports) against either persons or property? If available, provide disaggregated data on the types of cases/crimes and the most common bias. What has the follow-up been to these cases, including by the judiciary and law enforcement?

During 2023, investigative units of the National Police started pre-trial investigations in criminal proceedings for 170 criminal offences classified under the Criminal Code of Ukraine: under Articles 161 – 139, Article 178 – 3, Article 179 – 8, Article 180-14, Article 129-1, Article 300 - 5. According to the following categories of intolerance and discrimination on the ground of religion - 103; national, regional affiliation – 52; language – 5; disability – 3; property characteristics, gender, race, others - 7.

Decisions sent to the court: indictments in criminal proceedings for 15 criminal offences (motives – national/ethnic intolerance, religious intolerance, violation of other human rights); plea agreements for 9 criminal offences (motives – national/ethnic intolerance, prejudice against Christians and representatives of other religions, anti-Semitism); in accordance with Article 94 of the Criminal Code of Ukraine 2 criminal proceedings were sent; under Article 178 of the Criminal Code of Ukraine for the application of coercive measures of a medical nature; in accordance with Article 97, 1 criminal proceeding under Article 300 was sent for the application of coercive measures of an educational nature.

During the first quarter of 2024, police investigators began a pre-trial investigation in criminal proceedings for 35 criminal offences of this category, which are classified under the Criminal Code of Ukraine: (Articles 161 – 32, Article 178 – 1, Article 179 – 1, Article 180 – 1). During the first quarter of 2024, indictments were sent to the court for 2 criminal offences (motives – national/ethnic intolerance, religious intolerance, anti-Semitism, violation of other human rights).

• *Is hate/discrimination on the internet an issue in the country? What measures have been taken to implement provisions of the Additional Protocol to the Convention on Cybercrime, concerning the criminalisation of acts of a racist and xenophobic nature committed through computer systems of the Council of Europe?*

Additional Protocol to the Convention on Cybercrime concerning the criminalization of acts of a racist and xenophobic nature committed through computer systems was ratified by Law of Ukraine No. 23 dated 21 July 2006.

Currently, Article 300 of the Criminal Code of Ukraine (Import, production or distribution of works that promote the cult of violence and cruelty, racial, national or religious intolerance and discrimination) provides for responsibility for importing into Ukraine works that promote the cult of violence and cruelty, racial, national or religious intolerance and discrimination, for the purpose of sale or distribution or their manufacture, storage, transportation or other movement with the same purpose or their sale or distribution, as well as forcing to participate in their creation.

In addition, draft Laws of Ukraine are under consideration:

"On Amendments to the Code of Ukraine on Administrative Offenses and the Criminal Code of Ukraine to Counter Manifestations of Discrimination" (No 6327-1 dated 06 December 2021). The adoption of the draft law will bring Ukrainian legislation in line with the standards of the European Union in the field of combating discrimination, as well as intolerance towards individuals and their groups.

"On Amendments to Certain Legislative Acts of Ukraine on Bringing Them into Compliance with the Constitution to Counteract Direct or Indirect Discrimination and Intolerance Against Individuals and Their Groups" (No 6325-1 dated 06 December 2021), which provides for comprehensive amendments to the current legislation of Ukraine to prohibit incitement to discrimination or oppression of individuals and their groups on the basis of race, skin color, political, religious and other beliefs, gender, age, disability, ethnic and social origin, citizenship, family and property status, sexual orientation, gender identity, place of residence, language, or other characteristics.

• *DATA from equality bodies to be provided in table under the section promotion and enforcement of human rights.*

Available information provided.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ accessibility of Public Services in the Field of Social Protection of the Population

Ministry of Social Policy, by Order No. 99-H of 16 March 2024, has approved Methodological Recommendations on the Accessibility of Public Services in the Field of Social Protection of the Population.

GENDER EQUALITY

• *Is there an area of particular concern as regards discrimination of women or girls in the country? Please provide additional information, in particular statistical evidence as available?*

There are no spheres of social life in which there is systematic discrimination against women and girls. The relatively low representation of women at the decision-making level, particularly in the security and defense sector, is of some concern, but this situation is changing and shows no signs of systemic discrimination.

• *What is the general climate for women's rights in the country e.g., portrayal of women's "role" in public debate or in the media?*

The general climate for women's rights in the country improves every year. In the course of the implementation of the EU standards, significant progress has been made in preventing and countering gender stereotypes and sexism.

On 13 September 2023, the Platform for Gender Mainstreaming and Inclusion in Recovery was launched by the decision of the Commission for Gender Equality. The purpose of the Platform is to coordinate the end-to-end implementation of a gender-based approach in the recovery process. Latest meeting of the Commission for Gender Equality was held on 21 December 2023 and was devoted to the discussion of the results of the implementation of the state gender policy in 2023.

With financial support of the UK Government the project “Women, Peace, and Security: Response to the Challenges of War” is being implemented by NGOs. As part of this project, a study "Media Experience in Covering Gender-Sensitive Recovery in Ukraine" was conducted to investigate the challenges faced by journalists when covering the topic of rebuilding Ukraine, and to determine whether attention is given to gender-sensitive recovery in such coverage (URL: <https://wim.org.ua/en/materials/gender-sensitive-recovery-in-ukraine/>).

● *Assess the implementation of strategies/action plans in the field of women's rights (including on gender-based violence and work life balance). If there are new tools, including legislative and policy tools, please provide a qualitative assessment. Is the legislation (e.g. Gender equality law) in line with EU acquis and European standards?*

In order to implement the Government's Plan of Priority Actions for 2024, the Operational Plan for the Implementation of the State Strategy for Ensuring Equal Rights and Opportunities for Women and Men for the Period Until 2030 is being updated. On 5 February 2024, a strategic session was held to develop proposals for the Operational Plan for 2025-2027. Currently, the information obtained as a result of the Strategic Session is being summarised and the Operational Plan is being drafted.

The resolution of the Cabinet of Ministers of Ukraine No. 815 of 15 September 2023 approved of the National Strategy for Closing the Gender Pay Gap for the Period up to 2030 and Approval of the Operational Action Plan for its Implementation for 2023-2025". The goal of the National Strategy is to achieve a sustainable reduction in the gender pay gap by 2030 by creating favourable conditions and developing effective mechanisms to ensure progress in this area.

Representatives of women's organisations are constantly involved in relevant working groups, included in government delegations. In general, the comprehensiveness, detailing and efficiency of national gender policies reflects certain improvements which was noted in Country Gender Profile - publication produced in the framework of the "EU 4Gender Equality: Reform Help Desk" project, funded by the European Union and implemented by NIRAS.

In 2023, the Ministry of Social Policy of Ukraine, drafted monitoring map for the implementation of the Convention on the Elimination of All Forms of Discrimination against Women, taking into account the Concluding observations on the ninth periodic report of Ukraine. Currently, the monitoring map contains about 200 indicators and is at the stage of approval by the central executive authorities.

On 16 February 2024, the Government Commissioner for Gender Equality Policy and the Ministry of Social Policy, with the support of UN Women, held a meeting with representatives of central executive bodies, regional military administrations, international and non-governmental organisations regarding the preparation of the "Beijing+30" National Review. For the drafting of the National Review, 78 subjects provided information on the implementation of the policy of ensuring equal rights and opportunities for women and men during 2020-2024. In June 2024, it is planned to submit a National Review from Ukraine.

● *Please report on any examination by the UN Committee on the Elimination of Discrimination Against Women (CEDAW).*

During the reporting period, there were no examination by the UN Committee on the Elimination of Discrimination Against Women (CEDAW).

- ***What is the state of women's participation in the labour market?***

According to the data of the State Employment Center, as of 31 December 2023, the number of women who had the status of unemployed was 72 000 (75% of all registered unemployed). During 2023, 57% of the total number of newly registered individual entrepreneurs were women (45 000 more than men). According to statistics, the number of female civil servants is 119 808 or 75% (as of December 2023).

During the period from 16 June 2023 to 29 December 2023, 1 685 control measures were carried out. In the course of the control measures, 99 women were found to have worked without an employment contract for 42 employers.

At 594 enterprises that are in arrears with wages, wage arrears of UAH 2 572,7 million were found to be owed to 87 485 employees (including 15 577 women), including UAH 772,3 million to 20 918 dismissed employees (including 2 842 women).

- ***Please assess the alignment with the provisions of the Council of Europe Convention on preventing and combating violence against women and domestic violence - Istanbul Convention and highlight any gaps in this regard. Indicate if the country was examined by the GREVIO during the reporting period***

After the ratification of the Council of Europe Convention on preventing and combating violence against women and domestic violence (Istanbul Convention), the Government of Ukraine, continues to bring the legislation of Ukraine in accordance with this Convention.

In order to implement the Council of Europe Convention on Preventing and Combating Violence Against Women and Domestic Violence:

- Draft Law of Ukraine “On Amendments to the Code of Ukraine on Administrative Offences in Connection with the Ratification of the Council of Europe Convention on Preventing and Combating Violence Against Women and Domestic Violence (Istanbul Convention)” (Reg. No. 8329 of 2 January 2023) was developed. The Draft Law proposes, *inter alia*, to provide for administrative liability for sexual harassment, to separate liability for perpetrating gender-based violence into a new independent legal norm, to increase the period of administrative detention of the offender, to ensure that court proceedings on cases of domestic violence or gender-based violence address the expediency of referral of the perpetrator for a programme for offenders.

In 2023, in order to improve the tools for preventing and countering domestic violence, Joint Order of the Ministry of Social Policy of Ukraine and the Ministry of Internal Affairs of Ukraine No. 434-H/917 of 13 November 2023 “On Amendments to the Procedure for Assessing the Risks of Domestic Violence”, was adopted to enable filling out the risk assessment digitally, as well as expand

information about the victim and the offender.

Draft Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine on Improving the Mechanism for Preventing and Combating Domestic Violence and Gender-Based Violence” (Reg. No. 10249 of 10 November 2023) was developed, proposing to amend the Family Code of Ukraine, Laws of Ukraine “On Preventing and Combating Domestic Violence”, “On Ensuring Equal Rights and Opportunities of Women and Men”, “On Protection of Childhood”, “On Mediation” in order to bring them into compliance with Articles 2, 7, 10, 48 of the Istanbul Convention. Adoption of the Draft Law will allow for prohibiting the use of alternative methods of settling disputes related to domestic violence (conciliation, mediation), preventing the perpetrator from avoiding responsibility based on reconciliation with the victim, as well as empower specialized support services for victims to provide assistance to victims of conflict-related sexual violence.

Draft Law of Ukraine “On the Status of Victims of Sexual Violence Related to the Armed Aggression of the Russian Federation Against Ukraine and Urgent Interim Reparations” was developed and submitted to the Verkhovna Rada of Ukraine for consideration (Reg. No. 10132 of 9 October 2023).

Draft Law of Ukraine “On Registration of Persons Whose Lives and Health Were Harmed as a Result of the Armed Aggression of the Russian Federation Against Ukraine” (Reg. No. 10256 of 13 November 2023) was developed, defining the terms “sexual violence related with the armed aggression of the Russian Federation against Ukraine” and “urgent interim reparations” and aimed at helping those who have suffered from armed aggression collect and record comprehensive information about all recorded cases of damage to their lives and health.

Furthermore, report submitted by Ukraine pursuant to Article 68, paragraph 1 of the Council of Europe Convention on preventing and combating violence against women and domestic violence (Baseline Report) was received by GREVIO on 3 July 2023.

• Assess the institutional structures, including Gender Equality Mechanisms. Where relevant, assess the work of gender focal points at central and local level. (If the country was already assessed in previous enlargement reports, please mention if there was any change in the reporting period).

Ukraine is developing its own national mechanism (National Gender Equality Machinery) for ensuring equal rights and opportunities for women and men, which consisted of a system of bodies with powers in this area, which include: Parliament, the Parliament Commissioner for Human Rights (Ombudsperson), the Cabinet of Ministers of Ukraine (CMU), specially authorised central executive body on gender equality policy (Ministry of Social Policy), executive authorities and local self-government bodies, and civil society associations.

According to the monitoring results carried out by the Office of the Government Commissioner for Gender Equality Policy, the institutional mechanism

for ensuring gender equality, in accordance with Art. 12 of the Law "On ensuring equal rights and opportunities for women and men", includes (as of 1 October 2023):

- at the central level: gender focal points (position of deputy head of body) – in 51 out of 58 central executive authorities; responsible structural divisions – in 45 central executive authorities; advisers on ensuring equal rights and opportunities for women and men – in 11 executive authorities; relevant consultative-advisory bodies - 5. In the reporting period, new responsible structural divisions were created in Ministry of Culture and Information Policy, Ministry of Energy and Ministry of Defense.

- at the regional level: gender focal points (position of deputy head of body) – 25 (in 100% of regional level executive authorities); responsible structural divisions – 25; advisors on gender issues - 15; relevant consultative-advisory bodies - 25.

Advisers on ensuring equal rights and opportunities for women and men have been appointed in 9 central executive authorities and 19 regional military administrations. 81 advisers worked in the security and defence sector at the beginning of 2023 (on a voluntary basis - 74, full-time positions - 7).

● ***Provide an update on the ratio women-men in the parliament/government/local level.***

In the Government of Ukraine, as of 31 March 2024, 4 of the 22 members of Government (about 18%) are women, 3 of them are holding positions of Deputy Prime Ministers, including 1 woman being the First Deputy Prime Minister.

On the local level - there is one woman among the heads of regional state administrations (4%). Local self-government: the Electoral Code of Ukraine provides for the mandatory gender quotas for political parties to achieve balanced representation of women and men in parliament and local level. During the local elections held on 25 October 2020, overall, almost 37% of deputies elected were women; among the elected heads of villages, settlements (towns), and cities - 16,5% are women (234).

● ***Violence against women: provide an update on measures taken to combat gender-based violence, including referral systems for victims, multi-disciplinary teams (police, local government units, social services), availability of specialised services.***

Ukraine has established a network of specialised support services for victims of domestic and/or gender-based violence. As of 31 December 2023, 842 such services operate in the regions.

The Pilot Project on Urgent Interim Reparation for survivors of CRSV was officially initiated in December 2023. Under the First phase of the Pilot Project (until October 2024), five hundred survivors of the CRSV will be provided with interim compensation in the amount of EUR 3 000 per survivor. The total number of

survivors of the CRSV to be compensated is 500 people.

On 15 March 2023, a new online Platform for Assistance to Survivors was launched. This is the first online platform in Ukraine to provide comprehensive information on all key services to help war victims. The platform makes it easier and faster for citizens to contact the service they need.

A network of specialised support services for victims of domestic violence and / or violence based on the sex was created in Ukraine. According to the information of the National Social Service, as of 1 March 2024 there are 792 such services operating in the regions.

For reference:

According to the National Social Service, as of January 2024, during 2023, there were 251 954 addresses regarding domestic violence.

90 856 persons received services from specialised duty services for victims of domestic violence and gender-based violence (36% of addresses).

In 2023, 83 590 persons received the services from specialised services, which is 33,4% of the total number of addresses; 914 people received services from other institutions and establishments (0,4%).

There are 950 beds in functioning shelters, 387 beds in crisis rooms.

During 2023, specialised services provided 368 973 services for victims.

Furthermore, every year, from 25 November to 10 December, state authorities and local self-government bodies hold a social action "16 Days Against Violence" to draw public attention to the problem of domestic violence and human trafficking, as well as to intensify the activities of state institutions and public associations to consolidate efforts to protect human rights, in particular those of victims of domestic violence.

• *Assess alignment with the Directive on combating violence against women and domestic violence.*

No relevant developments during the reporting period.

• *Provide an update on the availability of shelters and their funding (CSO run or state run and financing).*

To build a network of specialised support services for victims of domestic violence and gender-based violence, the State budget of Ukraine includes a subvention to local budgets (175,44 million UAH in 2023 and 200,2 million UAH in 2024).

According to the monitoring of specialised services for supporting individuals affected by domestic violence and / or gender-based violence, in 2023, there were 949 women residing in shelters (compared to 516 women in 2022).

• *Where relevant, report on allegations that victims of violence with a minority/Roma background are reported to receive less help from authorities/police/CSO and fewer if any places in shelters (victims of multiple/intersectional discrimination).*

No relevant developments during the reporting period.

• *Are there reliable data on reported violence (police or prosecutor statistics) and on the experience of violence (national surveys, studies) against women including domestic violence and sexual violence?*

During 2023, there were registered 251 954 complaints about domestic violence, of which: 8 592 complaints were received from children; 196 411 complaints were submitted by women and 46 951 applications received from men. There were also registered 308 appeals regarding domestic violence against persons with disabilities.

According to the Office of the Prosecutor General, as of March 2024, prosecutors have recorded **274** cases of CRSV since the beginning of Russia's full-scale military aggression.

Data on reported domestic violence, source:

- National Police of Ukraine, Emergency police call ("hotline 102") – **291 428** registered appeals on issues of domestic violence;

- Office of the Prosecutor General, Unified Register of Pre-Trial Investigations – **6 805** cases of offenses related to domestic violence;

- Governmental Contact Centre, hot line on combating human trafficking, preventing and combating domestic violence, gender-based violence and violence against children ("hotline 1547") - **7 832** calls related to domestic violence;

- NGO "La Strada Ukraine", National hot line on preventing domestic violence, human trafficking and gender discrimination (116 123 or 0 800 500 335) – **36 255** calls related to domestic violence;

- NGO "La Strada Ukraine", National Children and Youth Hot Line (0800 500 225 or 116 111) - **18 300** calls related to domestic violence.

During 3 months of 2024, there were 1 661 criminal proceedings (not including those closed) on the facts of domestic violence (Article 126-1 of the Criminal Code of Ukraine) in the proceedings of the investigative units of the police, of which 972 were initiated during the current year (660 in 2023). Out of the number of criminal proceedings registered in 2024, persons were notified of suspicion in 675 proceedings (483 in 2023).

In recent years, Ukraine has implemented measures aimed at improving the state of preventing and combating domestic violence: from legislative changes to more active actions of the National Police aimed at effective response to such cases.

In 2 months of 2024, the National Police of Ukraine received **38 000 applications**, reports of committed offences and other events related to domestic violence.

The police have drawn up **28 200 protocols** on administrative offenses under Art. 173-2 of the Code of Criminal Procedure (Commitment of domestic violence, gender-based violence, failure to comply with an urgent restraining order or failure to report the place of temporary residence); 21 800 urgent restraining orders were issued against offenders; 16 700 offenders were placed on the preventive register (almost 1 100 00 persons who committed domestic violence are on the preventive register). To organize the work aimed at preventing and combating domestic violence in 2021, the National Police created specialized units for combating domestic violence - sectors for combating domestic violence. Today, there are 54 sectors in territorial (separate) police units, of which 10 were created last year.

Since the beginning of Russia's full-scale military aggression, prosecutors of Prosecutor General's Office have recorded 287 cases of conflict-related sexual violence (CRSV) (men - 102, women - 185, 15 of them minors, including 14 girls and 1 boy (other types of sexual violence not related to rape), including rape, mutilation or violence to genitals, forced nudity, threats and attempts to rape, forcing to watch sexual abuse of loved ones.

Based on the revealed facts of sexual violence in the occupied territories, 40 Russian military personnel were notified of suspicion. 19 indictments against 28 individuals were sent to court, and two individuals were sentenced to 12 years and 10 years in prison. 70 cases of CRSV have been uncovered.

As of 1 April 2024, the number of people who have applied for conflict-related sexual violence against them is 98, of which 62 are women, 32 are men, and 4 are girls. 46 of them are internally displaced persons.

● *Assess the functioning of any specialised teams/units in place in the police/law enforcement to deal with violence against women.*

The National Police of Ukraine has established authorized units for the prevention of domestic violence. The territorial (separate) bodies of the National Police of Ukraine have 54 full-time sectors for combating domestic violence, with 62 mobile response teams for domestic violence. At the same time, 10 groups and 10 sectors were created in 2023. Procedures for applying an urgent restraining order were improved by introducing an electronic form. In addition, the Instruction on the Formation and Maintenance of the Information Subsystem "Register of Offenders" was developed, which improved the procedure for registering offenders and improved the preventive work with them.

● *Please mention if women and girls have been particular victims of trafficking.*

In 2023, the Ukrainian Parliament Commissioner for Human Rights considered

21 complaints on human trafficking, including 4 concerning women. On a regular basis, the Commissioner monitors the media and the Internet. In 2023, such monitoring revealed 33 cases of human trafficking, of which 15 involved women.

In 2023 The National Social Service established the status of victim of trafficking for 118 persons (53 males, 47 females, and 18 children (9 girls and 9 boys)).

During the first quarter of 2024, the status of a person affected by human trafficking was given for 43 persons, among them 10 women.

Types of exploitation: 22 – labor exploitation, 11 – sexual, 17 – involvement in criminal activity, 55 – using in armed conflict, 2 – child trafficking, 1 – begging, 10 – other types.

Countries of destination: Ukraine – 89, Russian Federation – 12, Federal Republic of Germany – 4, Republic of Turkey – 2, French Republic – 5, Romania – 2, Poland – 3, Egypt – 1.

• *Provide data and fill in the following tables of cross-cutting issues:*

Women		
Political	Women	Total
Number of MPs	85	403
Number of ministers	4	22
Mayors	234	1413
Administration	1	25

Economic					
		2015-2020 average	2021	2022	2023
Economic activity rate of the population aged 15-64 (%) ,	Men		68,5		
	Women		56		
Unemployment rate of the population aged 15-64 (%) , total	Men		9,6		
	Women		10,2		

Violence					
		2021	2022	2023	2024
Violence against women (including domestic and sexual violence)	Police reports	325 599	244 381	291428	
	Final criminal convictions	906	582	929	
Femicides					

Education			
Girls / Women net enrolment rate (NER)	2022	2023	2024
Primary education			
Secondary education			
Tertiary education			

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ adopt legislation aimed at implementing and enforcing the provisions of the Council of Europe Convention on preventing and combating violence against women and domestic violence (Istanbul Convention)

To ensure policy development in the field of preventing and combating domestic violence, as well as to bring national legislation in line with the provisions of the Istanbul Convention, the Verkhovna Rada of Ukraine is currently considering a number of draft laws, including:

1) "On Amendments to the Code of Ukraine on Administrative Offences in connection with the Ratification of the Council of Europe Convention on preventing and combating violence against women and domestic violence (Istanbul Convention)" (registration No. 8329). The draft law also provides for amendments to the Criminal Code of Ukraine.

2) "On Amendments to the Criminal Procedure Code of Ukraine on Conclusion of Reconciliation Agreement and Criminal Proceedings in the Form of Private Prosecution in Connection with the Ratification of the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence (Istanbul Convention)" (Reg. No. 9093);

3) "On Amendments to the Criminal Code of Ukraine and the Code of Ukraine on Administrative Offences in terms of regulating liability for unlawful acts that may be defined as gender-based violence in connection with the ratification of the Istanbul Convention" (Reg. No. 9501);

4) "On Amendments to Certain Legislative Acts on Ensuring Equal Rights and Opportunities for Women and Men and Combating Domestic Violence in Terms of Harmonizing Terminology with the Istanbul Convention" (Reg. No. 9502);

5) "On Amendments to the Criminal Procedure Code of Ukraine on Examination and Expertise, Conclusion of Reconciliation Agreements and Criminal Proceedings in the Form of Private Prosecution in Connection with the Ratification of the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence (Istanbul Convention)" (Reg. No. 10420).

In addition, the draft Law of Ukraine "On Amendments to the Criminal Code and the Code of Criminal Procedure of Ukraine to Ensure Full Implementation of International Law on Combating Domestic and Other Forms of Violence and Sexual Exploitation, including Against Children" has been developed. Discussion of the draft law is ongoing to develop a coordinated position, taking into account proposals and comments submitted by structural units of the Ministry of Internal Affairs and the National Police.

→ launch the effective implementation of the Council of Europe Convention on preventing and combating violence against women and domestic violence (Istanbul Convention) in a situation of high priority

See the information provided above.

→ develop and adopt the necessary legislation and policies to ensure gender-sensitive justice, including the prevention, investigation and punishment of sexual and gender-based crimes committed during armed conflict. Ensure that the legal framework is in line with international standards in this area. Take measures to establish unified response centres in the regions to assist victims and develop mechanisms for investigating such crimes

See the information provided above.

RIGHTS OF THE CHILD (RoC)

● *Assess the implementation of the legal and policy framework and oversight bodies and mechanisms for the rights of the child. Assess the work of any coordination mechanism on rights of the child and of any specialised agency including as regards data collection. (If the country was already assessed in previous enlargement reports, please mention if there was any change in the reporting period).*

On the initiative of the Ministry of Digital Transformation of Ukraine, the National strategy for the protection of children's rights in the field of justice for 2024-2028 was supplemented with a special section “Measurement of rights and child's freedoms on the Internet, prevention of exploitation and abuse of children in the digital environment”. The adoption of the National Strategy is expected in the summer 2024.

Government approved the Cabinet of Ministers of Ukraine Resolution No. 538 of 26 May 2023 “On establishment of the Coordination Center for Family Upbringing and Child Care Development” that established the Coordination Center. The Coordination Center has developed projects for the Strategy to Ensure the Rights of Every Child in Ukraine for Growth in a Family Environment for 2024-2028 and the National Action Plan for the Implementation of the Strategy for 2024-2028. After the consideration and refinement of these projects, they will be submitted for review by the Cabinet of Ministers of Ukraine.

The State Service of Ukraine for Children was established by the Resolution of the Cabinet of Ministers of Ukraine No. 1048 of 29 September 2023. It implements state policy in the field of protection of children's rights, social support for families with children, health improvement and recreation for children, development of family-based care forms, and adoption.

By the Resolution of the Cabinet of Ministers of Ukraine No. 331 of 22 March 2024 “On Certain Issues of Conducting Activities Related to Adoption and Placement of Orphaned Children, Children Deprived of Parental Care, and Social Protection of Children Left Without Parental Care”, temporary assistance for children who have been identified as lacking parental care and who are temporarily placed with relatives, acquaintances, foster families, or in a family-type orphanage has been introduced.

As on 1 December 2023, 59 institutions returned from evacuation, of which: 26 – out of those displaced (evacuated) within Ukraine and 33 – out of institutions displaced (evacuated) abroad. During the period from February 2022 to December 2023, 7 234 children were evacuated, of which 4 604 have the status of orphans or children deprived of parental care. Currently, 4,075 children continue to be in evacuation (1 058 - in Ukraine, 3 017 - abroad), including 2 726 orphans or children deprived of parental care (532 in Ukraine, 2 194 abroad).

As on December 2023, the largest number of displaced (evacuated) children from children's institutions outside of Ukraine was in Poland - 1 113 children, Germany - 527 children, Turkey - 258 children, Italy - 165 children, Austria - 225 children, Romania - 180 children, Switzerland – 149 children, the Netherlands – 117 children, Spain – 141 children.

• ***Please report on any examination by the UN Committee on the Rights of the Child.***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• ***Assess any gaps in the legal framework with regard to alignment with the Council of Europe Convention on Protection of Children against Sexual Exploitation and Sexual Abuse (Lanzarote Convention) and the proposed recast directive on combating the sexual abuse and sexual exploitation of children and child sexual abuse material.***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• ***What are the challenges encountered in respecting the rights of the child?***

In connection with excessive threats to the lives and health of Ukrainians and foreign citizens residing in Ukraine, the Ukrainian authorities, pursuant to the Law of Ukraine "On the Legal Regime of Martial Law," ensure the evacuation of children and families with children to the places of safety within Ukraine and abroad, including the European Union.

Government adopted the Resolution of the Cabinet of Ministers of Ukraine

"Amendments to the Procedure for the Conduct of Activities Related to the Protection of Children's Rights by Guardianship and Trusteeship Authorities" No. 1013 of 10 September 2022, which grants the status of an orphan or a child deprived of parental care due to military aggression, allowing such children to be placed in family forms of upbringing rather than in public institutions.

Work is underway about concluding an intergovernmental agreement with other countries on protection of the rights and legitimate interests of children who suffered as a result of the armed aggression of the Russian Federation.

● *Assess the child protection system in place in the country, outlining the main roles and responsibilities and the roll-out of the system locally. Please specify if these are overly reliant on donors. Provide an update on measures in place to protect children from all forms of violence in all settings. Provide, where relevant, an update on child labour, child trafficking, etc.*

The child protection system in Ukraine involves the participation of many stakeholders at various levels. This process includes identifying children at risk, providing support and services to families in need, investigating reports of abuse or neglect, and ensuring the rights of children are upheld. Among the main state authorities, the following can be distinguished:

The Ministry of Social Policy of Ukraine is the central executive authority, whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine.

The National Social Service of Ukraine is the central authority of the executive power, whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Social Policy of Ukraine, and which implements state policy in the field of social protection of the population, protection of children's rights, and state control over compliance with legislation during provision of social support and compliance with children's rights.

The State Service of Ukraine for Children is the central executive authority whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Social Policy of Ukraine. It implements state policy in the field of protection of children's rights, social support for families with children, health improvement and recreation for children, development of family-based care forms, and adoption.

The Children's Services implement the state policy on social protection of children, prevention of child neglect and homelessness, provision of legal and informational assistance to the population; preventive measures to reduce the level of offenses among minors; protection of minors' rights.

Social services provide social support, social, medical, psychological, pedagogical, and legal services, as well as financial assistance, and conduct social adaptation and rehabilitation for citizens in difficult life circumstances.

During 2023, on the initiative of the Ministry of Digital Transformation of

Ukraine, a national hotline for reporting and removing harmful and/or illegal content, including child sexual abuse material - StopCrime was establishing. In December 2023 it was included in the INHOPE network.

• ***Have any cases of violation of the rights of the child or of violence against children been reported to the Ombudsman or the courts and what has been the follow-up?***

During the period from 1 January 2023 to 28 December 2023, the Ukrainian Parliament Commissioner for Human Rights (Ombudsman) received 3 appeals on human and child trafficking, which were granted the status of a person affected by human trafficking. During the period from 1 January 2023 to 31 December 2023, the Ombudsman processed reports: on protection of children's right to decent treatment during the educational process (bullying) - 47; on freedom from all forms of violence and the worst forms of child labor - 47.

During the period from 01 January 2024 to 31 March 2024, the Ombudsman processed the following reports: on the right to protection from all forms of violence - 12; on protection from violence during the educational process (bullying) - 12; on human trafficking - 1.

As part of the parliamentary control exercised by the Ombudsman during monitoring visits to institutions where children are kept, shortcomings in their activities were identified that are prerequisites for violations of children's rights or direct violations.

Roundtables and meetings are held with schoolchildren and students. The purpose of such events is to explain the guaranteed rights to children and familiarize them with the mechanisms of their protection.

In addition, hotlines are available for monitoring and prompt response to violations of human and civil rights and freedoms, including children's rights.

The official website of the Ukrainian Parliament Commissioner for Human Rights (<https://ombudsman.gov.ua/uk>) provides daily updates on the protection of children's rights.

• ***Where relevant, indicate whether any awareness-raising campaigns or capacity building measures on child rights have taken place.***

From 01 June 2023 to 31 March 2024, the free legal aid system conducted 595 legal education events for children, which reached 14 627 people. In addition, as part of the legal awareness campaign, 13 thematic posts on children's rights were published on the official pages of the free legal aid system on Facebook and Telegram, which were viewed 154 140 times.

At the same time, in the first quarter of 2024, booklets were prepared (50 thousand booklets were printed) on Children's Right to Free Legal Aid.

In addition, as part of capacity-building activities on children's rights, a pilot project on the involvement of psychologists in criminal proceedings involving minors through regional and interregional centres for free legal aid was introduced in Ukraine on 2 October 2023. This pilot project is being implemented to protect the rights of children, ensure their best interests and prevent repeated trauma to a minor or a minor involved in criminal proceedings.

In order to provide citizens of all ages with access to digital literacy programs in a format convenient for them, the national online portal Diia. Education was launched. On the occasion of Safer Internet Day 2023, the Ministry of Digital Transformation of Ukraine managed an online marathon, viewed by more than 20 000 educators and children together with the Ministry of Education and Science of Ukraine and Google Ukraine. Also, an information campaign on Online Safety during the War Guide for parents, kids, and educators was held, which contains information regarding safe usage of the digital environment during the full-scale Russian invasion.

During 2023 educational materials for kids, teenagers, caregivers, and educators on how to protect oneself (children) in the digital environment were developed and published in the special section 'Online Safety' on Diia. Education. This includes 5 interactive simulators and 5 guides regarding online safety. 'Personal cyber hygiene' educational series and interactive simulator were also released on Diia.Education platform in November 2023. More than 71 000 users viewed these materials last year.

On the occasion of Safer Internet Day 2024, the Ministry of Digital Transformation of Ukraine managed a series of information materials on social media.

• *As regards access to justice for children and child-friendly, indicate if a new strategy or action plan on juvenile justice was adopted or report on noteworthy results of existing ones. Do measures cover criminal, civil and administrative cases? Specify if measures for children victims and witnesses are in place. Is there alignment with the Council of Europe's guidelines on child friendly justice?*

In 2023, the deadline for implementing the National Strategy for Reforming the Juvenile Justice System for the period up to 2023 expired. A working group established under the Interagency Coordination Council on Juvenile Justice has developed a draft National Strategy for the Protection of Children's Rights in the Justice Sector for 2024-2028, which will cover a wider range of issues related to ensuring the rights and best interests of children, children who are prone to unlawful behaviour and children who have committed offences, children who are victims of crimes and children who have witnessed crimes, as well as children whose legal rights and interests come into contact with the justice system in resolving civil disputes. This draft Strategy is being finalised taking into account the comments and suggestions made by the interested bodies.

• *Assess the situation with regard to juvenile offenders and children in detention and the level of alignment with the acquis in this field.*

The Secretariat of the Ukrainian Parliament Commissioner for Human Rights conducted 103 monitoring visits to assess the observance of children's rights under martial law, including 6 visits to penal institutions, namely: 1 - to an educational colony; 2 - to penal institutions; 3 - to pre-trial detention centres. The monitors interviewed 67 juveniles (including 2 women with a child under 3 years old) in places of detention.

The moral condition of the inmates is satisfactory, the monitoring group did not receive any complaints about the attitude of the staff of the institutions and the conditions of stay, or the provision of medical services. The regime and internal daily routine in the institution is strictly regulated, designed in such a way that all the time the inmates are engaged in useful activities (studying, reading, working and playing sports). The institutions pay special attention to the care of minors and women with children under 3 years of age. Improved living conditions are being created.

The Ombudsman sent letters and provided recommendations based on the results of monitoring visits to the Ministry of Justice of Ukraine and state institutions to eliminate the shortcomings identified during the monitoring visits.

• *Provide information on the situation of children with disabilities or other discriminated-against groups of children, including children with a minority/Roma background, and as regards residential care institutions/move towards community-based care/fostering by families with relatable ethnic background and equal remuneration thereof (victims of multiple/intersectional discrimination). (If the country was already assessed in previous enlargement reports, please mention if there was any change in the reporting period).*

No relevant developments during the reporting period.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ reform the system of institutionalisation and instead promote alternative family and community-based care, particularly for children and infants. Improve reform mechanisms at the local and regional levels to ensure its success and accelerate the process of reducing institutionalisation

See the information provided above.

→ provide for further capacity building to support cases involving children in civil and criminal proceedings

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

RIGHTS OF PERSONS WITH DISABILITIES

● *Have legislative steps been taken to improve compliance with the provisions of the UN Convention on the Rights of Persons with Disabilities. Has the country been assessed by the Committee in the reporting period?*

Law of Ukraine No. 3191-IX of 29 June 2023 „On Amendments to Certain Laws of Ukraine Regarding the Verification of Information in Certain Systems and Registers”, has entered into force on 21 July 2023. This law provides for the function of the Fund for Social Protection of Persons with Disabilities to determine, in automated mode using data from the State Register of Compulsory State Social Insurance and the Centralized Database on Disability Issues, persons with disabilities who may be employed, and to inform the State Employment Center about such individuals for employment assistance.

In order to engage associations of persons with disabilities in providing the necessary social services to individuals with disabilities and considering new approaches to funding, the Ministry of Social Policy of Ukraine has introduced financial support for these associations to provide social services to persons with disabilities through competitive procedures. This initiative is in line with the Procedure for the Use of Funds Allocated in the State Budget for Financial Support of Associations of Persons with Disabilities for Providing Social Services to Persons with Disabilities, approved by the Cabinet of Ministers of Ukraine on 27 January 2023, under Resolution No. 70 „On Some Issues of Providing Financial Support to Associations of Persons with Disabilities”.

The Cabinet of Ministers of Ukraine adopted Resolution No. 1393 of 27 December 2023 "On Amendments to the Licensing Conditions for Conducting Business Activities in the Field of Medicine" ensuring unhindered access for disabled persons and other persons with reduced mobility to the buildings and premises of entities engaged in medical practice.

The Order of the Ministry of Health of Ukraine dated 16 May 2023 No. 904 "On Amendments to the Order of the Ministry of Health of Ukraine No. 951 dated 4 November 2010" approved the position "Gynaecological chair to ensure the accessibility of women with disabilities to services in the field of sexual and reproductive health.

● *Were new policy documents adopted to ensure the rights of persons with*

disabilities (strategy/action plan) during the reporting period?

By the Order of the Cabinet of Ministers of Ukraine No. 297-r of 2 April 2024 amendments to the Action Plan for 2023-2024 for the implementation of the National Strategy for Creating an Inclusive Environment in Ukraine until 2030 were approved with the aim of updating the already defined tasks and adding new ones, including measures to ensure the protection and safety of persons with disabilities in situations of risk, including armed conflicts, emergency humanitarian situations, and natural disasters.

The Ministry of Social Policy of Ukraine is working on the implementation of Council Directive 2000/78/EC establishing a general framework for equal treatment in employment and occupation - concerning the introduction of incentive mechanisms for employers to employ persons with disabilities.

With the aim of implementing Regulation (EU) 2017/1563 of the European Parliament and of the Council of 13 September 2017 on the cross-border exchange between the Union and third countries of accessible format copies of certain works and other subject-matter protected by copyright and related rights for the benefit of persons who are blind, visually impaired or otherwise print-disabled, and Directive (EU) 2017/1564 of the European Parliament and of the Council of 13 September 2017 on certain permitted uses of certain works and other subject-matter protected by copyright and related rights for the benefit of blind, visually impaired or otherwise print-disabled persons, Ukraine has acceded to the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled. This treaty entered into force for Ukraine on 8 September 2023 in accordance with the Law of Ukraine No. 2854-IX of 12 January 2023.

The pilot project on technical support within the framework of the UN Development Programme project „Support for the Rehabilitation of Persons with Disabilities Injured as a Result of War” has been successfully implemented, involving the engagement of social workers in multidisciplinary rehabilitation teams in healthcare institutions (in 16 healthcare institutions). Based on the results of the pilot project, the Government adopted the Cabinet of Ministers of Ukraine Resolution No. 1285 of 1 December 2023 „On Amendments to the Cabinet of Ministers of Ukraine Resolutions No. 1268 of 3 November 2021 and No. 1462 of 16 December 2022”, which legally regulated the issue of involvement of social workers into the multidisciplinary rehabilitation teams activity in health care institutions.

- ***Have new measures been put in place with regard to accessibility.***
 - ***Transport infrastructure and vehicles (rail, busses, maritime)***

The Ministry of Reconstruction conducted an analysis of normative legal acts, and programme documents of the Cabinet of Ministers of Ukraine for the presence in them of provisions aimed at ensuring barrier-free space in the field of transport.

In September 2023, in accordance with the Resolution of the Cabinet of Ministers of Ukraine No. 537 of 26 May 2021, the degree of barrier-free physical environment and services for persons with disabilities was monitored and assessed at 95 stations of JSC Ukrzaliznytsia. According to the results of this monitoring, 29 stations were found to be completely barrier-free, 60 stations were partially barrier-free, and 6 stations were barrier-free.

In the territory controlled by Ukraine, the existing state of accessibility of the transport infrastructure for persons with disabilities and low-mobility groups was monitored. According to the results of the monitoring, it was found that as of today, there are more than 11 thousand pedestrian crossings on public roads of national importance in the territories controlled by Ukraine, of which 7,5 thousand (69%) are adapted to the needs of people with reduced mobility; 49 underground pedestrian crossings, of which 38 (77%) are adapted to the needs of people with reduced mobility; 81 overhead pedestrian crossings, of which 65 (80%) are adapted to the needs of people with reduced mobility; 40 overhead pedestrian crossings are equipped with elevators; 10 traffic lights are equipped with special sound devices with sound signals to create safe traffic conditions for people with visual impairments. In 2023, on public roads of national importance, the roadside stone was lowered at the intersection of 235 overhead pedestrian crossings with the roadway; 66 public transport stops were made accessible.

- *Public buildings*
- *Lifts*

The Ministry of Health has carried out repairs to the entrance group of the B building of the Ministry of Health, which includes the installation of a roller lift for less mobile groups of the population with a load capacity of up to 0,2 tonnes (for the disabled).

At the National Health Service of Ukraine building, ramps and handrails will be installed at the main entrance to ensure accessibility for people with reduced mobility, and toilets will be installed on the first floor in accordance with DBN B.2.2-40:2018.

The administrative service centre of the Ministry of Health of the country "One Window" and the reception of citizens of the Ministry of Health have equipped the main entrances for use by groups of the population with limited mobility, in particular people with disabilities.

In order to improve the architectural accessibility of the public reception hall of the State Education Quality Service of Ukraine for people with disabilities and other groups with reduced mobility, and to bring it into line with the requirements of the State Building Code DBN V.2.2-40:2018 "Inclusiveness of Buildings and Structures", the Service has currently provided a place for parking vehicles for people with disabilities, contrasting with the marking of stairs at the entrance to the building.

For barrier-free access by groups of the population with reduced mobility, in

particular persons with disabilities, to the main entrances and premises of the buildings of the Ministry of Defense in Kyiv, the following are equipped:

Building No. 64/1, Military City No. 64 - with a ramp and a lift;

Building No. 305/1 of Military City No. 305 - with a ramp.

A technical task for the reconstruction of building no. 309/1 of the military town no. 309 has also been prepared, which defines the requirements for equipping the building with a ramp and a lift to ensure access for persons with reduced mobility.

In addition, the entrance to the Public Reception Hall (30/1 Hrushevsky St.) is equipped with a ramp, a button for calling the responsible employee and a sign informing about the entrance (exit) for persons with disabilities (entrance No. 3).

The architectural accessibility of the Public Reception Hall of the State Archives Service of Ukraine for people with disabilities and other people with reduced mobility has been ensured.

The entrance to the reception hall is equipped with a ramp for comfortable access for people with disabilities, the hall has a sanitary room for possible use by people with disabilities, especially those in wheelchairs, and other groups of the population with reduced mobility.

For the implementation of the measures for the creation of barrier-free space in the bodies, institutions and facilities of the National Police in 2023, the targeted budget funds in the amount of UAH 49 million have been allocated. These funds will be used to equip 85 objects of the National Police with means of unhindered access for persons with disabilities and other groups of the population with reduced mobility in accordance with the requirements of the State Construction Code of Ukraine "Inclusiveness of Buildings and Structures. Basic regulations" (DBN V.2.2-40:2018). In addition, 15 units of project and estimate documentation were prepared within the allocated funding.

Administrative buildings of institutions and units of the State Emergency Service are equipped with information signs on the presence and location of entrances (exits) for people with 80% disability: they are equipped with staff call buttons and signs in Braille in accordance with the State Building Regulations DBN B .2.2-40:2018.

○ *Audiovisual media services and the Web*

Based on the results of the annual monitoring of the basic accessibility of 100 government websites conducted by the Ministry of Digital Transformation of Ukraine in partnership with the United Nations Development Programme (UNDP) in Ukraine with financial support from the Government of Japan, at the end of 2023 it was found that in 2023, 4% of government websites demonstrated a high level of basic accessibility (1% more compared to 2022), 18% of websites showed a sufficient level (also 1% more compared to 2022 and 6% more than in 2021). The number of sites with a medium level of accessibility decreased by 2% over the year

to 51%. At the same time, the number of sites with a low level of web accessibility did not change – 27% (in 2021 – 39%).

The high level of accessibility is found on the Diia.Barriers-Free portal, as well as on the websites of the Vinnytsia, Lviv, and Kharkiv Regional State Administrations. Moreover, the most significant progress in improving basic accessibility over the year was demonstrated by the websites of the Vinnytsia, Lviv, Poltava, and Volyn Regional State Administrations, the Ministry of Economy of Ukraine, and the Electronic Cabinet for Persons with Disabilities.

By the Order of the Ministry of Social Policy of Ukraine No. 99 dated 16 March 2024 „On Some Issues of Accessibility of Public Services in the Field of Social Protection of the Population”, Methodological Recommendations on the Accessibility of Public Services in the Field of Social Protection of the Population have been approved. The methodological recommendations take into account the needs of persons with limited mobility, including individuals with various levels of communication abilities.

• *Describe measures taken during the reporting period to facilitate inclusive education*

A special subvention of UAH 304 million is allocated from the state budget to local budgets to provide state support to persons with special educational needs (a respective resolution was adopted on 9 April 2024). Subvention will be channelled to finance educational services for children with SEN from inclusive groups and classes of preschool, general secondary education and VET institutions.

As of April 2023, 692 inclusive resource centres (IRCs) have been established in Ukraine. Despite a significant number of specialists having changed their place of residence within Ukraine or went abroad, functioning IRCs are staffed by 79,8 % (4027 persons, namely teachers-speech therapists, teachers-defectologists, rehabilitation teachers, and practical psychologists).

Inclusive resource centres cooperate with educational institutions (7012 general secondary education institutions, 2840 preschool education institutions) by participating in the activities of psychological and pedagogical support teams in educational institutions and in the development of individual development programs.

• *Describe new measures taken during the reporting period regarding persons with mental disabilities?*

No relevant developments during the reporting period.

• *Issues of de-institutionalisation are mainly covered in Chapter 19, please consider however the following questions:*

• *Describe steps taken during the reporting period in adopting de-institutionalisation strategy or in implementing the strategy. Were new measures adopted to promote life in the community, including funding to support the availability of community-based services?*

There are 282 residential institutions for persons with disabilities in Ukraine, which accommodate more than 45 thousand persons with disabilities, including children with disabilities. Now, Ukraine is conducting deep reforms in various spheres of activity, including social. The reform of residential institutions, in particular for persons with mental disorders, is one of the components of the reform of the social sphere (about 24 000 people live in such institutions).

Government approved the Resolution of the Cabinet of Ministers of Ukraine No. 538 of 26 May 2023 „On establishment of the Coordination Center for Family Upbringing and Child Care Development” that established the Coordination Center. The Coordination has developed projects for the Strategy to Ensure the Rights of Every Child in Ukraine for Growth in a Family Environment for 2024-2028 and the National Action Plan for the Implementation of the Strategy for 2024-2028. After the consideration and refinement of these projects, they will be submitted for review by the Cabinet of Ministers of Ukraine.

Currently, the draft of the Strategy for reforming psychoneurological and other residential institutions and deinstitutionalization of care for persons with disabilities and elderly is developing. Approval of the above-mentioned strategies is an indicator of Ukraine Plan under the Ukraine Facility.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ ensure the application of legislation on the rights of persons with disabilities

The Ministry of Social Policy has developed a draft Order "On Some Issues of Accessibility of Public Services in the Sphere of Social Protection of the Population", which provides for the approval of methodological recommendations on accessibility of public services in the social sphere.

The methodological recommendations take into account, in particular, the needs of people with limited mobility, including people with different levels of communication capabilities.

The final version of the guidelines is currently being coordinated with experts on barrier-free accessibility.

→ ensure that the restored and rebuilt infrastructure meets the standards of a barrier-free environment

Compliance with the requirements of urban planning legislation to ensure accessibility and safety of facilities for people with reduced mobility during design and construction, and restoration of damaged facilities was ensured.

In particular, the Resolution of the Cabinet of Ministers of Ukraine of 14 February 2023 No. 152 stipulates that during the design and construction, restoration of damaged facilities, urban development entities are obliged to comply with the requirements of urban planning legislation, building codes, regulations, the mandatory application of which is established by law, to ensure accessibility and safety of facilities for low-mobility groups, including persons with disabilities, energy efficiency, sheltering the population in the facilities of the civil protection fund, engineering and technical measures of civil protection, fire protection requirements.

Draft resolution of the Cabinet of Ministers of Ukraine "On Amendments to the Resolution of the Cabinet of Ministers of Ukraine No. 303 of 13 March 2023" was developed, which provides for the implementation of unscheduled state architectural and construction control measures under martial law at facilities not located in the territories where hostilities are being conducted or occupied, to ensure that customers, designers, contractors and expert organizations comply with building codes in terms of meeting the requirements of inclusiveness of buildings and structures.

Methodological Recommendations on Prioritization of Projects for Elimination of Consequences Caused by the Armed Aggression of the Russian Federation against Ukraine (hereinafter - the Methodological Recommendations), approved by the Order of the Ministry of Infrastructure of Ukraine No. 964 of 20 October 2023 (published on the official website of the Ministry at <https://mtu.gov.ua/documents/2355.html>), the Methodological Recommendations require that projects meet the standards of accessibility for people with limited mobility.

→ to develop and adopt a comprehensive reform to ensure the ability to work and protect the rights of people with disabilities in Ukraine

The current legislation implements mechanisms to encourage employers to hire certain categories of citizens. Thus, the Resolution of the Cabinet of Ministers of Ukraine No. 124 of 10 February 2023 approved the Procedure for Providing Employers with Compensation for Employment of Registered Unemployed.

Thus, the Procedure provides for compensation of actual expenses in the amount of a single contribution to the obligatory state social insurance for the respective person per month, but not more than double the minimum insurance

contribution, for the employment by the employer for a period of at least 2 years upon referral of the employment centre of unemployed persons registered for more than 1 month, certain categories of citizens who have additional guarantees in facilitating employment, and persons who have been registered as unemployed for more than 6 months.

As of 1 January 2024, 1 606 people were employed under this program, according to the latest data.

When employing registered unemployed persons with disabilities who have not reached retirement age, combatants, and persons who have no more than five years left before the right to retirement, the employer is paid compensation for labour costs in the amount of 50 percent of actual labour costs.

As of January 2024, 583 people were employed under this program.

→ develop and adopt measures to improve the situation of people with disabilities in Ukraine. Ensure that accessible transportation, healthcare, social services, and public buildings are made available to ensure equal participation and opportunities for all citizens. Improve legislation and introduce incentives for the employment of people with disabilities in the open labour market, promoting their integration and active participation in society

See the information provided above.

LESBIAN, GAY, BISEXUAL, TRANSGENDER, INTERSEX AND QUEER (LGBTIQ) PERSONS

• *Assess the general situation for LGBTIQ persons, including transgender persons in the country.*

According to the ILGA (International Lesbian, Gay, Bisexual, Transgender and Intersex Association) ranking, in 2023 Ukraine was ranked 39th out of 49 countries in terms of ensuring the rights of LGBTIQ people. The rating is based on an assessment of various criteria.

According to the All-Ukrainian survey "Perception of LGBT people and their rights in Ukraine", during the year, the share of people who have a negative attitude towards LGBTIQ people decreased from 38% to 34%, and the percentage of positive attitudes towards LGBTIQ people increased from 13% to 15,5%. The total number of those who have a positive or indifferent attitude is 61%, which is the majority of the population of Ukraine.

• *Indicate if a new strategy/action plan on the rights of LGBTIQ persons was adopted or any noteworthy results from existing ones. If relevant, indicate whether the policies cover the scope of the "Union of Equality: LGBTIQ Equality*

Strategy 2020-2025”.

No relevant developments during the reporting period.

• Indicate any gaps in legislation regarding protection of sexual orientation and/or gender identity (anti-discrimination or hate crime laws). In particular, flag any gaps in regard to the Council of Europe Recommendation CM/Rec(2010)5 of the Committee of Ministers to member states on measures to combat discrimination on grounds of sexual orientation or gender identity.

Ukrainian legislation does not define the term "same-sex cohabitation". At the same time, if it means living together as same-sex persons (such as partners) who have mutual rights and obligations, are closely related to such persons, live together, etc., the law does not establish any prohibitions or restrictions on such cohabitation. At the same time, Ukrainian legislation does not provide for mechanisms for official recognition of such partnerships by the state, which, as a result, does not give rise to rights and obligations similar to those of spouses and does not equate them in rights and obligations to different-sex persons living in the same family but not married to each other.

A significant problem remains the lack of administrative liability for discrimination, despite the fact that this is required by the Law of Ukraine "On Principles of Preventing and Combating Discrimination in Ukraine". In addition, sexual orientation and gender identity are not included as protected grounds in the Criminal Code of Ukraine or the Law of Ukraine "On Principles of Preventing and Combating Discrimination in Ukraine".

• Have any new legislative and policy tools been adopted/planned and if so, provide a qualitative assessment (notably as regards same-sex cohabitation or legal gender recognition).

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• If relevant, indicate whether work has been initiated on same-sex partnerships (or if they are already provided for in legislation) and/or on legal gender recognition.

No relevant developments during the reporting period.

• Have any cases of discrimination and/or hate crime/speech on the basis of sexual orientation or gender identity been reported (including to the Ombudsman, Equality Body, law enforcement and to court) including cases of multiple/intersectional discrimination in particular of LGBTIQ women and/or minorities/Roma? If so, what was the follow-up (legal and or administrative) and

were sanctions handed down sufficiently high to act as a deterrent?

In 2023, there were 11 criminal proceedings investigated by the police, which were initiated based on the facts of offences against the LGBT community. Materials in criminal proceedings of the specified category were not sent to the court.

During 2024 (April), criminal proceedings of the specified category were not initiated.

• *Assess the attitude of police/law enforcement with regard to Pride event and relations with LGBTIQ NGOs.*

No relevant developments during the reporting period.

• *Indicate, where relevant, whether trainings/awareness-raising activities on rights of LGBTIQ persons taken place for law-enforcement, the judiciary, media, staff dealing with the public, teachers, health-care workers, the general public, etc.*

Medical professionals regularly attend trainings, conferences, discussions and presentations on LGBTIQ rights.

· The XVI National LGBTIQ Conference of Ukraine was held in Kyiv from 1-3 November 2023. Its focus was on the realisation of LGBTIQ people's rights during martial law in Ukraine, migration challenges, and other threats. The conference also identified priorities in the field of human rights and freedoms for LGBTIQ people for 2024.

· On 16 November 2023, the conference “Transgender Competent Medical Care: the existing and innovative approaches to providing services to transgender people” was held in Odessa. Its aim was to promote a transgender-inclusive environment by educating and removing barriers to accessing healthcare services, as well as establishing a patient-doctor dialogue.

· On 29 November 2023, medical professionals attended a training session in Sumy on “Preventing discrimination against key populations by medical staff through the implementation of the patient-doctor dialogue approach”.

· On 20 December 2023, a medical conference "Transgender inclusive health care: existing barriers to transgender services, methods and prospects for overcoming them" was held in Lviv for healthcare professionals. The event discussed version 8 of the “Standards of Care for the Health of Transgender and Gender Diverse People” of the World Professional Association for Transgender Health (WPATH) and barriers to medical transgender transition. Similar conferences were held in different cities of Ukraine in 2023.

• *Have any cases of hindrance to the right to freedom of expression or right to peaceful assembly of LGBTIQ persons been reported? Have any Pride events*

taken place and if so, were there any incidents?

No relevant developments during the reporting period.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

In the spring of 2023, the Ukrainian Parliament Commissioner for Human Rights applied to the European Network of Equality Authorities (EQUINET) for membership in the organization. In September 2023, an EQUINET delegation visited Ukraine to familiarize itself with the activities of the Ukrainian Parliament Commissioner for Preventing and Combating Discrimination, and in October of the same year, Ukraine's membership in the Network was unanimously supported by all its members.

The Order of the Ministry of Health of Ukraine No. 1632 of 15 September 2023 approved the List of key populations for HIV and criteria for their identification, which identifies transgender people as belonging to key populations for HIV and establishes criteria for identifying this population for HIV. These legislative changes will contribute to the support and protection of the rights of transgender people and the strengthening of HIV prevention measures.

LABOUR AND TRADE UNIONS RIGHTS

- *Issues of labour and trade union rights are covered in chapter 19.*

No relevant developments during the reporting period.

PROCEDURAL RIGHTS

• *Have any measures been taken by the country to increase the protection of procedural rights of accused or suspected persons? Please provide an assessment of the degree of alignment with the EU acquis on procedural rights. As a reminder, the six Directives on criminal proceedings, cover aspects related to the right to interpretation and translation; the right to information; the right of access to a lawyer; the presumption of innocence and the right to be present at the trial; procedural safeguards for children who are suspects and accused; on legal aid for suspects and accused persons.*

Relations arising from the state's obligation to execute judgments of the European Court in cases against Ukraine are governed by the provisions of the Law of Ukraine "On Execution of Judgments and Application of the Case Law of the European Court of Human Rights".

In order to take measures of a general nature, the Commissioner appeals to the state authorities directly involved in the case in which the judgement was delivered to take such measures in accordance with the conclusions of the European Court and

its general practice. The measures taken by the state to strengthen the protection of the procedural rights of accused and suspected persons are the result of the obligation to apply general measures as a result of the judgement of the ECtHR in the case against Ukraine.

In order to ensure the provision of free legal aid to detainees and persons held in places of detention, the free legal aid system ensures the operation of consultation points for access to free legal aid in places of detention of such persons, in particular from 15 June 2023 to 29 February 2024, employees of the free legal aid centres provided free legal aid in 710 applications from 594 persons in penitentiary institutions and 181 applications from 121 persons in pre-trial detention centres.

In addition, Law No. 3022-IX amended the Law of Ukraine "On Free Legal Aid" in terms of mediation.

• ***Assess the respect for the right to a fair trial and the right to liberty and security as protected by the ECHR in the country. Has the country been judged in breach of these rights by the ECtHR? If so, please provide figures on cases (as extracted from HUDOC).***

According to the information posted on the official website of the ECtHR HUDOC, for the period from 1 January 2023 to 31 December 2023, the ECtHR delivered 52 judgments in cases against Ukraine regarding violations of Article 6 of the Convention. For the period from 1 January 2024 to 31 March 2024, 13 such judgments were delivered. The CoE CM is closely monitoring the implementation of the ECtHR's judgments in the group of cases Ignatov and Others v. Ukraine (application no. 40583/15).

According to the information posted on HUDOC, for the period from 01 January 2023 to 31 December 2023, the ECtHR delivered 41 judgments in cases against Ukraine regarding violations of Article 5 of the Convention. For the period from 01 January 2024 to 31 March 2024, 9 such judgments were delivered.

One of the most serious problems identified by the ECtHR in its judgments in Yuriy Ivanov v. Ukraine (application no. 40450/04) and Burmych and Others v. Ukraine (application no. 46852/13) is the failure to enforce or prolonged enforcement of national court judgments in Ukraine. Following the last review of the status of enforcement of judgments in this group of cases in September 2023, the CoE CM expressed deep concern about the non-enforcement of national court judgments or delays in their enforcement (<https://minjust.gov.ua/files/general/2023/10/06/20231006160232-60.pdf>).

On 19 September 2023, the Cabinet of Ministers of Ukraine approved Resolution No. 824-r "On Extension of the Implementation of the National Strategy for Solving the Problem of Non-Compliance with Court Judgments, Debtors of which are a State Body or a State Enterprise, Institution, Organisation, for the Period until 2022 and the Action Plan for its Implementation".

In addition, the CoE CM is closely monitoring the state of enforcement of the ECtHR's judgments in the group of cases Merit/Svitlana Naumenko v. Ukraine (application no. 66561/01 and application no. 41984/98), in which the ECtHR found a violation of Article 6(1) of the Convention due to the excessive duration of court proceedings, as well as Article 13 of the Convention due to the lack of an effective remedy in this regard.

Considering the state of enforcement of judgments in this group of cases at its meeting in June 2023, the CoE CM, inter alia, called on the authorities to give the necessary priority to the issue of ensuring the effective administration of justice, which is one of the aspects of the main shortcomings affecting the rule of law (<https://minjust.gov.ua/files/general/2023/06/27/20230627181624-58.pdf>).

• *Is legal aid available in law and in practice? Please assess the functioning of the legal aid system.*

According to Article 5 of the Law of Ukraine "On Free Legal Aid", one of the principles on which the state policy in the field of free legal aid in Ukraine is based is the availability of such aid.

The free legal aid system in Ukraine is an extensive network that provides free legal aid throughout Ukraine. As of March 2024, 500 legal aid bureaus - permanent access points to free legal aid - were established in the free legal aid system, while due to the military aggression of the Russian Federation against Ukraine and active hostilities, 6 legal aid bureaus are currently unavailable and another 64 bureaus located in the temporarily occupied territory of Ukraine are on a standstill.

From 1 June 2023 to 29 February 2023, the free legal aid system received 410 301 requests from clients for legal aid, assistance in defence in criminal proceedings was provided to 80 342 people, assistance in representation in civil and administrative cases was provided to 43 756 people, another 366 545 people received legal advice and legal information, on-site counselling was provided by employees of free legal aid centres, targeted legal aid was provided to people with disabilities who could not apply for it on their own.

The result of the protection of people's rights in criminal proceedings during the period under review included 69 acquittals, 58 cases of closure of proceedings, 1 642 exemptions from serving a sentence with probation, and 6 702 cases of setting a minimum sentence.

• *Are rights of victims of crime protected? Are specific categories of vulnerable victims identified? Please provide an update on measures taken to protect victims' rights and to support victims and their families.*

No relevant developments during the reporting period.

- ***Are redress mechanisms available in practice?***

No relevant developments during the reporting period.

- ***Please indicate any change in legislation that would align with the Victims' Rights Directive and the Directive relating to compensation to crime victims.***

No relevant developments during the reporting period.

- ***Assess access to justice, including for persons in vulnerable situations.***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

MINORITIES

- ***Assess the general inter-ethnic situation in the country.***

The interethnic situation in the country is balanced.

2023 was an important year in terms of reforming legislation to ensure the rights of representatives of national minorities (communities).

Pursuant to the recommendations of the Venice Commission of 12 June 2023, of October 9, 2023, on 21 September 2023, the Verkhovna Rada of Ukraine adopted Law No. 3389-IX "On Amendments to the Law of Ukraine 'On National Minorities (Communities) of Ukraine' on some issues of realisation of rights and freedoms of persons belonging to national minorities (communities) of Ukraine" and on December 8, 2023 Law No.3504-IX "On Amendments to Certain Laws of Ukraine Concerning the Consideration of Expert Opinions of the Council of Europe and its Bodies on the Rights of National Minorities (Communities) in Certain Areas".

The Law of Ukraine No. 3389- IX of 21 September 2023 was adopted to:

update definition of the term "national minorities (communities)" based on an inclusive approach and in line with the 1995 Framework Convention for the Protection of National Minorities;

provide state guarantees for free provision of textbooks, including electronic ones, to students of general secondary education institutions belonging to national minorities (communities) in accordance with the procedure established by the Cabinet of Ministers of Ukraine;

ensure the possibility of using the languages of national minorities (communities) in advertising, during public, cultural, artistic, entertainment and entertainment events, emergency assistance, assistance and protection of victims of domestic violence, care in a residential home for the elderly, etc.;

precise the criteria for developing a methodology for the use of languages of national minorities (communities) in settlements traditionally inhabited by persons

belonging to national minorities (communities) or where such persons constitute a significant part of the population;

provide definitions of the terms “specialised bookstores to ensure the exercise of the rights of national minorities (communities)”, “support (assistance)”;

clarify the procedure to identify settlements where persons belonging to national minorities (communities) traditionally live or where such persons constitute a significant part of the population.

The Law of Ukraine № 3504-IX significantly strengthened the rights of national minorities (communities) of Ukraine to use their native language in all spheres of public life. In particular, this Law amended the laws on local self-government, on education, on ensuring the functioning of the Ukrainian language, on national minorities, on media. The Law is primarily designed to enhance the realization of the rights and freedoms of individuals belonging to national minorities (communities) in line with recommendations from the Venice Commission. The amendments to the education and media laws provided by this Law underscore Ukraine's commitment to respecting and safeguarding the linguistic rights of national minorities, while also emphasizing the importance of proficiency in the state language to foster social cohesion and integration.

It should be mentioned, that consultations with public associations of national minorities (communities) take place regularly for wide range of common issues including the education ones.

The Ukrainian Parliament Commissioner for Human Rights exercises parliamentary control over the observance of the right of national minorities (communities) to use the languages of national minorities (communities). There are cases of discrimination against national minorities (communities). For example, the Ukrainian Parliament Commissioner for Human Rights received an appeal from representatives of the Armenian national minority (community) of Ukraine on the fact of possible incitement to national hatred and enmity, as well as humiliation of national honour and dignity. As a result of the response of the Ombudsman's Office, the police launched a pre-trial investigation with legal qualification under part one of Article 161 of the Criminal Code of Ukraine (violation of equality of citizens based on their race, nationality, region, religious beliefs, disability and other grounds).

● *Assess the implementation of any relevant legislative, institutional and policy framework (strategy/action plan) on protection of minorities and the effective functioning of bodies representing minorities (minority councils for instance).*

For the purpose of implementation of the new basic legislation on national minorities (communities) of Ukraine, adopted in 2022 and improved in 2023, considering the recommendations of the European Commission and the Venice Commission:

On June 10, 2023, the Law of Ukraine "On Amendments to Chapter XII "Final and Transitional Provisions" of the Law of Ukraine "On Education" regarding the regulation of certain issues of educational activity under martial law (No. 3143-IX) was adopted. In this regard, the DEES has developed a plan of measures to be performed in the 2023-2024 academic year with respect to ensuring the rights of national minorities to obtain secondary education in the language of the respective minority. The action plan has been sent to the MES, MCIP and DESS for implementation.

On July 25, 2023, the Government adopted Resolution No. 769 "On Amendments to the Procedure for Conducting a Competition to Determine Programs (Projects, Activities) Developed by Civil Society Institutions, for the Implementation (Implementation) of which Financial Support is Provided", which expanded the list of civil society institutions that can participate in competitive procedures (public associations of national minorities (communities) were added).

On September 26, 2023 the Cabinet of Ministers adopted the State Target National and Cultural Program "Unity in Diversity" for the period up to 2034 (Order No. 850). The Program operates on the principles of equality and non-discrimination, transparency and openness, prioritising the resolution of pertinent issues in the domain of inter-ethnic relations and the protection and exercise of the rights of national minorities (communities) and indigenous peoples of Ukraine.

On August 22, 2023 Government adopted Resolution № 891 On Amendments to Paragraph 12 of the Annex to the Resolution of the Cabinet of Ministers of Ukraine No. 710 of 11 October 2016 "On the Effective Use of Public Funds" which enabled the use of state budget funds for the implementation of the Unity in Diversity programme.

On October 10, 2023 by State Service for Ethnic Affairs and Freedom of Conscience (DESS) order № H-86/12 "On Issues of the Council of Public Associations of National Minorities (Communities) of Ukraine" the Council of Public Associations of National Minorities (Communities) of Ukraine as a permanent advisory body under the DESS was established. The main purpose of this Council is holding consultations with representatives of public associations of national minorities (communities) of Ukraine on issues related to the rights and freedoms of persons belonging to national minorities (communities) of Ukraine as defined by law and ensuring direct connection among them.

On February 2, 2024, the DESS adopted the Procedure for the Establishment and Functioning of Centers of National Minorities (Communities) (Order No. H-18/12). It defines the procedure for the establishment, legal and organizational framework for the functioning of the Center for National Minorities (Communities) of relevant administrative-territorial unit.

On February 9, 2024, the Government adopted the Methodology for the Use of Languages of National Minorities (Communities) of Ukraine in localities where people belonging to national minorities (communities) of Ukraine traditionally live, or in which such people constitute a significant part of population. The

Methodology, which was developed in broad consultations with specialised scientific institutions, international experts, including representatives of the Council of Europe and the European Commission, defines the areas of public life in which the languages of national minorities (communities) can be used alongside the state language by decision of a village, town or city council. This applies to the following issues: communication with the authorities and provision of public services; provision of medical care; provision of topographic information; dissemination of information for general information; writing official names on signs (signboards) of local governments and municipal enterprises; provision of social services to elderly citizens and persons with disabilities, etc.

On March 13, 2024, the DESS issued Order No. H-36/12 “On Determining the Quantitative Composition of the Council of Public Associations of National Minorities (Communities) of Ukraine”, and made an announcement on the DESS website about the start of the selection process of candidates to this Council.

On February 14, 2024, Ministry of Education and Science issued an order No. 178 “On Approval of the Roadmap for Creating Conditions for Improving the Quality of Education in the State Language and Languages of Indigenous Peoples and National Minorities (Communities) in General Secondary Education Institutions of Ukraine for 2023-2027”. The roadmap outlines specific steps to enhance education quality in both the state language and languages of national minorities (communities) or their learning. The document aims to assist educational managers and teachers in maintaining high-quality education in these languages throughout all stages of general secondary education, fostering effective interaction among all participants of the educational process.

On 4th of March, 2024 Government adopted Resolution № 257 which establishes procedure for determining the list of localities of Ukraine where persons belonging to national minorities (communities) traditionally reside or where such persons constitute a significant part of the population. Now DESS in tight cooperation with the Ministry of Justice, State Archival Service of Ukraine, oblast state (military) administrations and involvement of national minorities NGO`s prepared the list of relevant localities which aims to determine specific areas where the use of languages of national minorities (communities) of Ukraine is guaranteed according to the provisions of mentioned above Methodology. This draft act already passed by DESS to Cabinet of Ministers of Ukraine for adoption.

In 2024 it is planned to provide tasks of the National Multidisciplinary Test (a higher education admission examination in the history of Ukraine, mathematics, biology, chemistry, geography and physics) in the languages of Hungarian, Polish, Romanian, and Crimean Tatar national minorities for relevant school graduates..

In the coming months Ukrainian authorities is planning to adopt normative acts, which aims to approve the list of endangered languages of national minorities (communities).

• *Have recommendations issued by international monitoring bodies such as the Advisory Committee of FCNM been adequately addressed? Include if relevant information on use of minority languages (notably if the country is party to the European Charter for Regional or Minority Languages).*

No relevant developments during the reporting period.

• *Are there any issues with regard to recognition/definition of minorities?*

No relevant developments during the reporting period.

• *If available and relevant, provide information on the employment of persons belonging to minorities in the public administration and on the political representation of minorities. Does the legal framework provide for certain targets in this respect?*

No relevant developments during the reporting period.

• *Indicate whether there have been cases of discrimination, hate crime, or hate speech where persons belonging to minorities, or their property, were targeted due to their real or perceived belonging to a minority? What was the follow-up?*

No relevant developments during the reporting period.

• *Have any restrictions been noted on the right to freedom of expression and media, freedom of assembly and association and freedom of religion or belief for persons belonging to minorities?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Has any potential assistance to members of minorities (language tuition, transmissions in minority languages, churches, etc.) been provided by kin States [NB/this will not be included in the Report per se but would provide useful background information].*

Republic of Poland

Each organisation within the Union of Poles in Ukraine is an independent legal entity. Their branches operate independently and directly collaborate with Polish foundations without mediation or reporting to the Union of Poles in Ukraine. The Union does not have information about the extent of funding since these projects were organised in Poland and materials were prepared and financed there. A list of programs and projects implemented in 2023 together with the non-governmental organisation Fundacja "Wolność i Demokracja" (Freedom and Democracy

Foundation) includes:

- "Bialo-czerwone ABC" — development of education. "White-red alphabet" — an education development program, weekend schools for learning Polish.
- "ABC polskiej klasy" — promotion of the Polish language in Ukraine, organisation of Polish language departments.
- "Bialo-czerwone ABC. Print and distribution of exercise books for the textbook 'Polish as a Second Foreign Language' for students in Ukraine".
- Polish History Olympiad for the Polish diaspora and Poles abroad. Organisation and hosting of an olympiad on Polish history for the Polish community in Ukraine and Poles abroad.
- "Dla Niepodległości@" — continuation "For Independence — continuation" — promotion of national holidays such as Constitution Day and Independence Day of Poland.
- Blizej Polski. Regranting. Support for the implementation of events promoting Polish culture in Ukraine.
- Ekspedycja Polska — organisation of summer camps. "Polish Expedition — organising summer camps" — organising holidays in Poland for children of Polish descent.
- Ekspedycja Polska. Summer schools and online education School of the Polish Diaspora Leader. I — Leader. — organisation and conduct of qualification improvement courses for teachers of Polish language in Poland, organisation of courses (online) for organisational leaders.
- Język polski medyczny. "Medical Polish" — organisation and conduct of medical Polish language courses for doctors of Polish descent from Ukraine temporarily residing in Poland.
- Pomoc Rodakom w obliczu wojny na Ukrainie. "Help for compatriots in the conditions of the war in Ukraine" — organisation of humanitarian convoys to Ukraine, food packages for people of Polish descent, supplies for Polish-descent soldiers on the front lines such as blankets, linens, etc.
- Ukraine — revalorization works of graves and legions' brigades in Młotków.

Czech Republic

Public organisations in Ukraine uniting citizens of Czech descent have the opportunity to receive funding annually through decisions made by the Czech Republic's Ministry of Foreign Affairs on a grant basis. Funds are allocated for the statutory purposes of these organisations. Mainly, project themes relate to studying the Czech language, organising cultural-sporting events, preserving historical heritage, maintaining Czech cemeteries, installing commemorative plaques, and organising camps for studying the Czech language. In 2023, the allocated funding amounted to 48 120 euros for 12 organisations in Ukraine. Additionally, in 2023, 32 600 euros were allocated for the health improvement of Ukrainian children of

Czech descent in an international camp for studying the Czech language. In 2022, the total funds allocated were 44 000 euros for 24 organisations in Ukraine. Thus, the total aid for two years of war amounted to 124 720 euros. Projects were implemented in the Mykolaiv, Odesa, Vinnytsia, Kyiv, Zhytomyr, Rivne, Volyn, Lviv, and Zakarpattia regions (registration places of public organisations of the Czech national community in Ukraine, excluding occupied territories), and also within the Czech Republic.

Hungary

The government of Hungary provides financial assistance to the activities of public associations of the Hungarian national community that operate outside its borders (including in Ukraine), according to its constitution through the Bethlen Gábor Fund – based on open grant applications. These applications are announced once a year to cater to the educational, cultural, religious, social, and other needs of Hungarian communities. Public organisations are entitled to receive up to 5 million forints (about 500 thousand UAH) per year. To fund various cultural programs in Ukraine, the Public Organization "Democratic Union of Hungarians of Ukraine" (membership – 12 thousand) received grant assistance amounting to 100 000 UAH in 2023.

Romania

Information about projects and programs supporting national minorities (communities) in Ukraine from Romania, implemented in 2023 by the public organization Artistic-Ethnographic Transborder Association "Apshytsa":

— "Romanian Language and Literature Office" project — 21 000 euros — purchase of IT equipment, furniture, and didactic materials to modernise the educational process for students and teachers. Beneficiaries include over 300 students and teachers from the Nyzhnoapshanskyi Lyceum "Apsha" of Solotvyno settlement council and the Dobrychanska Gymnasium "Decebal" of Solotvyno settlement council.

— "Folklore Spectacle December 1 — Romania's National Day" project — 18,600 euros — purchase of 24 sets of national costumes from Maramureş for the folklore ensemble "Apshytsa", organisation and hosting of a concert and celebration of Romania's National Day in Nyzhna Apsha in partnership with the Nyzhnoapshanska School of Arts. The event had 100 participants including the Ambassador of Romania to Ukraine, the Consul of the Romanian Consulate in Solotvyno, local government representatives, educators, cultural figures from the Solotvyno community, and other guests from Romania.

— Program supporting education in the Romanian language in Ukraine — providing scholarships to ethnic Romanian students and financial support to teachers who teach in Romanian or teach the Romanian language. The financial aid amounts to approximately 400 euros per beneficiary. The public organisation Artistic-Ethnographic Transborder Association "Apshytsa" centralised the application submissions for participation in the support program from Solotvyno Boarding

Lyceum with Romanian language of instruction "Mihai Eminescu", Nyzhnoapshanskyi Lyceum "Apsha", Hlybokopotiky Lyceum "Strymtura", Podishorska Gymnasium "Dragosh Mykhaylevsky", and Topchynska Gymnasium "Vasile Alexandri". The beneficiaries include 966 students and 177 teachers, totaling 1 143 people.

In 2023, the public organisation "Chernivtsi Regional League of Romanian Youth 'Zhunimya'" participated in two grant programs from the Department for the Relations of Romanians Everywhere. On May 26, following the decision of the department, "Zhunimya" won a competition and received grant support amounting to 88,400 Romanian lei, approximately 700 000 UAH. These funds were targeted for the project "Prichindeii din Cernauti"/"Chernivtsi Kids" concerning the publication of a children's illustrated magazine. The release volume: six issues (3 750 copies). The project covered approximately 3 750 Romanian-speaking children of school and preschool age in Chernivtsi region, where the Romanian-speaking population resides compactly. The second winning project "Financial Support for Participants of the Educational Process in Institutions with Romanian Language Instruction in Ukraine", Grant Agreement No. DRP/B/5557 of 16 November 2023, amounted to 24 990 Romanian lei (approximately 200 000 UAH). The beneficiaries of the project were 1 666 students and educational staff of Romanian-speaking educational institutions in the Chernivtsi region. On 8 June 2023, according to the decision of the mentioned department, the Public Organization "Union of Young Romanians of Transcarpathia" won a grant project funded by the Department for the Relations of Romanians Everywhere titled "Repair of the facade with insulation, roof replacement of the building of the Bilotserkivskyi Lyceum with Romanian language instruction named after Alexander Chiplya of Solotvyno settlement council, Zakarpattia region, Tyachiv district, village Bila Tserkva, Maramureska street, 112", Grant Agreement No. DRP/C/172 dated August 28, 2023, for a sum of 734 000 Romanian lei (approximately 5 817 000 UAH). The project "Financial Support for Participants of the Educational Process in Institutions with Romanian Language Instruction in Ukraine" operated under Grant Agreement No. DRP/B/5551 dated November 16, 2023, for a sum of 14 445 Romanian lei (approximately 110 871 UAH). The beneficiaries of the project were 963 students and educational staff of Romanian-speaking educational institutions in the Zakarpattia region.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ complete the review of the legislation on the rights of persons belonging to national minorities, in particular in the areas of education, media and use of the state language, as well as the law on national minorities, in line with the recommendations in the June 2023 opinion of the Venice Commission and its subsequent opinion of 6 October 2023

→ complete reforms of the legal framework on national minorities in line with the recommendations of the Venice Commission and EU requirements

Relevant information provided above in the section “**Assess the implementation of any relevant legislative, institutional and policy framework (strategy/action plan) on protection of minorities and the effective functioning of bodies representing minorities (minority councils for instance).**”

ROMA

• *With the 2019 Poznan Roma declaration, and the subsequent annual Ministerial meetings, the Western Balkan governments committed themselves to improve the situation in the fields of education, employment, health, housing, access to civil documentation, inclusion in the green and digital agendas, improve data collection and fight against discrimination. These Poznan commitments are fully relevant for all enlargement regions.*

No relevant developments during the reporting period.

Only for Ukraine, Republic of Moldova and Georgia

• *Please provide the numbers regarding the size of the Roma population. Provide a brief overview on the overall socio-economic situation and main difficulties faced by Roma community.*

No census is conducted during martial law in Ukraine and within six months after its termination or lifting.

At the same time, according to the information, in 2023, state registration of civil status acts registered 2253 births of children of Roma nationality, 91 of which were late, and accordingly received birth certificates; there is no information on the number of persons who do not have such documents.

In addition, within the framework of the Council of Europe project "Support to the Reform of the Legal Framework for National Minorities and Resilience of National Minorities and Roma in Ukraine", in order to document Roma, create legal mechanisms to simplify the passportization procedure for undocumented persons, the Ukrainian Parliament Commissioner for Human Rights initiated a pilot project "Documentation of Persons from the Roma National Minority (Community) and

Development of Legal Mechanisms to Simplify this Procedure" (pilot project) in April 2023, which was launched in Mukachevo, Zakarpattia region. An interagency working group has been set up to implement the pilot project.

From the beginning of the pilot project until 31 December 2023, the Civil Registration Department in Mukachevo, Mukachevo district, Zakarpattia region, Western Interregional Department of the Ministry of Justice processed a list of 246 persons of the Roma national minority, of which 174 of them had birth records, which makes it possible to issue birth certificates to their legal representatives in accordance with the procedure established by law.

It should be noted that the main condition for the state registration of a child's birth is the presentation of a document confirming the fact of birth and a passport (passport document) certifying the applicant's identity. Therefore, the absence of a passport (passport document) of the mother/father is not a ground for refusal to conduct state registration of birth.

In 2023, the NGO "Roma Women's Association "Roma Voice" conducted a study aimed at identifying the current problems and needs of the Roma community. In 2023, the International Charitable Organization "Roma Women's Fund "Chiricli" conducted a sociological study to assess the needs of Roma IDPs. These studies showed that the Roma community faces many challenges that complicate life and interaction with other parts of Ukrainian society.

• ***Does the country implement their Roma inclusion Strategy, a related Action Plan including budgetary allocations for its implementation?***

By Order of the Cabinet of Ministers of Ukraine No. 866-r of 28 July 2021, the "Strategy for Facilitating the Implementation of Rights and Opportunities of Persons Belonging to the Roma National Minority in Ukrainian Society for the Period Up to 2030" was approved. To implement this strategy, the Cabinet of Ministers of Ukraine issued an Order No. 1197-r of 22 December 2023 "On Approval of the Action Plan for 2024-2025 for the Implementation of the Strategy for Facilitating the Implementation of Rights and Opportunities of Persons Belonging to the Roma National Minority in Ukrainian Society for the Period Up to 2030."

To integrate Roma into Ukrainian society, territorial bodies of the Ministry of Justice consistently carry out measures aimed at achieving stability in certain life situations and ensuring equal access for Roma to various spheres, including civil status registration.

From January to December 2023, the civil status registration departments of the interregional administrations of the Ministry of Justice conducted 1,935 such activities, including organizing roundtables with the participation of charitable and public organizations and representatives of the Roma national minority (47); interdepartmental meetings with executive state bodies (308); lectures for persons belonging to the Roma national minority to encourage state registration of births and raise awareness about family law provisions (112); and engagements and

publications in mass media (315), as well as street information campaigns (1,153).

- ***Report on the existence of discrimination and cases of hate speech against Roma and the role of the equality bodies in this regard.***

No relevant developments during the reporting period.

- ***Describe the situation of Roma community using the initial results of the Roma Survey as regards:***

- ***Education (e.g. enrolment/dropouts primary secondary and tertiary education, mediators, access to books, scholarships).***

In accordance with the Action Plan for the Implementation of the Strategy for Facilitating the Realization of the Rights and Opportunities of Persons Belonging to the Roma National Minority in Ukrainian Society for the Period Until 2030, in 2024-2025, the Ministry of Education and Science of Ukraine plans intensify the work of local educational authorities to provide complete statistical information, as well as providing the opportunity, in accordance with the needs of persons belonging to the Roma national minority, to obtain an education, including full general secondary education in various forms of education: face-to-face, distance, online, external, family (home).

Involvement of post-graduate pedagogical education institutions (in accordance with the requirements of national minorities (communities) in the regions) to increase the qualification of teaching staff who work in educational institutions, where applicants belonging to the Roma national minority study.

- ***Employment***

No relevant developments during the reporting period.

- ***Housing situation, (e.g. legality of settlements and access to public services (water, electricity, garbage collection).***

No relevant developments during the reporting period.

- ***Access to quality health care (e.g. coverage by universal health insurance, existence of health mediators, vaccination)?***

Up to 10% of the total number of Roma living in Ukraine have no identity documents, which limits their access to health services. Due to this, and the common lack of registration declaration on the choice of a doctor providing primary healthcare among Roma, a number of regulations have been developed to enhance their access to quality healthcare services.

The Order of the Ministry of Health of Ukraine No.1091 of 15 June 2023

approved the Procedure for organising the provision of medical care to patients with acute cerebral stroke.

In addition, on 14 July 2023 the Verkhovna Rada of Ukraine adopted the Law of Ukraine No. 3269-IX "On overcoming tuberculosis in Ukraine".

These amendments to the legislation aim to broaden access to medical services and medicines for Roma individuals who have tuberculosis and lack identity documents. Such medical services and medicines are available to Ukrainian citizens, foreigners, and stateless persons, regardless of their reason for being in Ukraine or whether they possess identity documents.

Furthermore, the Law of Ukraine 'On combating the spread of diseases caused by the human immunodeficiency virus (HIV), and on legal and social protection of people living with HIV' No. 1972-XII (as amended on 1 October 2023), provides Ukrainian citizens, foreigners, and stateless persons with the right to undergo free HIV testing, including rapid testing and self-testing, regardless of their legal status or possession of identity documents. Thus, this provision provides access to HIV testing, post-test counselling, and treatment, including for Roma who do not have identity documents.

In July 2023, a vaccination catch-up campaign was launched in Transcarpathia, which is home to Ukraine's largest Roma community. Children who had not received vaccinations against measles, mumps and rubella according to the planned schedule were vaccinated. The campaign took place from July to September 2023 with the support of the Ministry of Health of Ukraine, the Transcarpathian Regional Military Administration and the United Nations Children's Fund (UNICEF). Doctors regularly visit Roma camps. During these visits, the medical staff vaccinates patients and conducts examinations, which significantly improves the Roma community's access to medical services.

From January to March 2024, active efforts were made to vaccinate children of the Roma national minority in the Transcarpathian region against dangerous infectious diseases. In total, 37 mobile teams visited Roma settlements during this period, providing around 2,000 vaccinations. 647 individuals have been vaccinated against polio, 649 against diphtheria, tetanus and whooping cough, and 513 against measles, mumps and rubella. Over 50% of Roma children under 17 in the region who require immunisation have already received reliable protection against dangerous diseases.

● ***Does the problem of child labour/begging and child marriage exist in the country?***

According to the International Charitable Organization "Roma Women's Fund 'Chirikli,'" the existing problem of child labor/begging makes many Roma victims of arbitrary actions by law enforcement, including methods involving physical violence, often amounting to torture.

- ***What is the situation as regards access to civil documents? If available, provide estimates on the number of Roma lacking documents.***

Throughout 2023, specific problem for the Roma is the lack of appropriate identification documents required by law—birth certificates, identification numbers, and passports, with some individuals not identifying as Roma due to fears of discrimination and prejudice.

According to the International Charitable Organization "Roma Women's Fund 'Chirikli,'" nearly 30 000 Roma in Ukraine lack proper identification documents required by law—birth certificates, identification numbers, and passports. In the Zakarpattia region alone, the number of undocumented individuals could reach 10 000.

In response to information obtained from monitoring visits during 2023 and within the framework of the Council of Europe project "Support for Reforming the Legislative Base Regarding National Minorities and Strengthening the Resilience of National Minorities and Roma in Ukraine," in June 2023, the Human Rights Ombudsman of the Verkhovna Rada of Ukraine initiated the implementation of a pilot project for 2023-2024 in Mukachevo, Zakarpattia region, "Documentation of Persons from the Roma National Minority (Community) and Development of Legal Mechanisms to Simplify This Procedure." Through joint efforts within the Mukachevo community, the project partners collected and processed dossiers on 302 individuals from the Roma national minority (community), documenting 72 individuals.

- ***Internally Displaced Roma, - please provide information on their situation.***

No relevant developments during the reporting period.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

On 25 July 2023, an educational seminar titled 'Education of Roma women: knowledge that changes life for the better' was held in Odessa as part of the educational work with Roma. The seminar included video lessons on personal hygiene, sanitation, healthy eating and women's rights.

Efforts are ongoing to implement the Strategy for Promoting the Realisation of the Rights and Opportunities of Persons belonging to the Roma National Minority until 2030. In December 2023, an action plan was developed for 2024-2025. The plan includes the creation of special programmes and measures to facilitate access to healthcare services for Roma, including medical services.

In March 2024, the Ministry of Health of Ukraine launched a pilot project

called “Patient Representative” to increase public awareness of healthcare. This pilot project makes it easier to work with national minorities, including Roma, and increases the level of protection of their rights in healthcare facilities. Thanks to the project, Roma have access to complete information on free medical care, examinations, medicines and the work of medical institutions, which strengthens the feedback between the Roma national minority and institutions. The project will be piloted for two months, in particular in March and April 2024, before being scaled up.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

There is a constant need to expand family planning programmes and prevent teenage pregnancy among Roma minorities.

Educational events are held among adolescents, including Roma. The SexUp5 education programme was implemented. From September to December 2023, 80 events were held on gender-based violence and sexuality education, with 2 249 participants. Almost 65 000 more people were reached with information materials on social networks. Videos by a sexologist on the topics of "Basic Rules of Sex", "Culture of Voluntary Consent", "Simple Rules for the First Sexual Experience" were distributed, and lectures were held to raise the level of culture of relationships between adolescents and young people, and understanding of sexual and reproductive health issues.

In March 2024, professional consultations for adolescents were held on the Zoom platform under the slogan "Take care of yourself", including on unplanned pregnancy. Everyone joined the online meetings and asked their questions to qualified doctors and psychologists.

[refugees and internally displaced persons - where relevant]

- ***Assess the country's policy towards refugees and IDPs.***

As of April 2024, 4 811 325 internally displaced persons were officially registered in Ukraine. The deadline for undergoing physical identification of IDPs has been determined - until 31 March 2024, and the methods of such identification have also been expanded.

According to the results of the operational assessment of the state of implementation of the new Strategy of the State Policy on Internal Displacement for the period until 2025 and the operational plan for its implementation, in 2023 the expected results were achieved regarding the socio-economic situation in the

country under martial law.

In order to implement the integration policy, the Ministry for Reintegration has started the development of:

— Strategies for the realisation of the right to housing by certain categories of internally displaced persons and persons who left Ukraine due to the armed aggression of the Russian Federation for the period 2025-2030 and the Action Plan for its implementation;

— Strategies for ensuring the employment of internally displaced persons and persons who left Ukraine due to the armed aggression of the Russian Federation and are returning to Ukraine, for the period 2025-2030 and the Action Plan for its implementation that are planned to be adopted during 2024.

The Cabinet of Ministers of Ukraine approved Resolution of the Cabinet of Ministers of Ukraine No. 979 of 12 September 2023 "On Amendments to Certain Resolutions of the Cabinet of Ministers of Ukraine in connection with the adoption of the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on Improving Legislation in the Field of Migration". The Ukrainian Parliament Commissioner for Human Rights provided reasoned proposals to the draft resolution aimed at preventing violations of human and civil rights. These proposals were taken into account by the developer of the legal act in full.

The Ukrainian Parliament Commissioner for Human Rights exercises parliamentary control over the observance of the rights of refugees and persons in need of additional or temporary protection who have been granted such status in Ukraine, including the right to receive banking services, the right to receive medical and educational services. As a result of the Ombudsman's response to complaints about violations of the right to receive financial and banking services through financial institutions, including JSC CB Privatbank, the following rights were restored.

Education

Ensuring access to preschool education is under the responsibility of local authorities. As of March, 2024, 7 768 preschool institutions accept 52 278 children from among IDPs.

According to the Resolution of the Cabinet of Ministers of Ukraine of 8 July 2023 on peculiarities of the educational process during martial law in Ukraine in schools during the 2023/2024 academic year regional and Kyiv city military administrations should organise the beginning of the academic year depending on the security situation in each separate administrative and territorial unit.

As of March 2024, 33 higher education institutions, 45 professional pre-higher education institutions were relocated from the temporary occupied territories. All displaced education institutions provide educational process in distance mode.

Entrants whose place of residence is registered (declared) in the temporarily occupied territories (TOT) or in settlements classified as active hostilities as of 1

July 2024 have special rights for admission to higher education institutions.

The possibility for admission to HEIs is provided to all entrants from TOT and territories of active hostilities, who: either has or does not have Ukrainian education document, either has or has not passed National Multidisciplinary Test with relevant certificate.

As of 1 November 2023, the number of students in relocated educational institutions include: professional junior bachelor – 18 152 students, junior specialist – 198 students, junior bachelor – 22 students, bachelor – 35 065 people and master’s degree – 19 485 students, respectively.

The number of persons from the temporarily occupied territory (except the territory of Crimea and the city of Sevastopol), including those who moved from it after 1 January 2023, and admitted (enrolled) to professional pre-higher and higher education institutions in 2023 is 794. There were 101 persons who entered professional pre-higher and higher education institutions in 2023 from Crimea and the city of Sevastopol.

On 21 November 2023, Law of Ukraine No. 3482-IX amended Article 7 of the Law of Ukraine "On ensuring the rights and freedoms of citizens and the legal regime in the temporarily occupied territory of Ukraine" granting persons who resided in the temporarily occupied territories an opportunity to obtain or continue obtaining a certain level of education with local budget funding (alongside with state budget).

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ improving funding and ensuring adequate budget allocations for social services for internally displaced persons in Ukraine to reduce dependence on external assistance and ensure their self sufficiency

In December 2023, the number of recipients of this assistance for housing amounted to 2,5 million people. Since July 2023, such assistance has been provided according to a targeted approach, taking into account the financial and property status of each person.

In accordance with the resolution of the Cabinet of Ministers of Ukraine (No. 709 of 11 July 2023, „Certain issues of support for internally displaced persons”), the terms and conditions for receiving/extending assistance for living expenses (housing assistance) for IDPs have been defined. Specifically, such assistance is automatically extended for a period of six months from 01 August 2023 to 31 January 2024. The number of recipients of this assistance in January 2024 was 1.9 million people.

In addition, in January 2024, the Government adopted a Resolution of the

Cabinet of Ministers of Ukraine (dated 22 March 2024, No. 331), which extended the right to receive assistance for another six-month period, specifically for vulnerable categories of internally displaced persons.

Furthermore, the Ministry of Social Policy of Ukraine has currently developed a draft resolution of the Cabinet of Ministers of Ukraine, according to which it is envisaged to provide housing rental subsidies for IDPs as an alternative to housing assistance. On 23 February 2024, the Cabinet of Ministers of Ukraine adopted Resolution No. 185 "Indexation of Pension and Insurance Payments and Additional Measures to Increase the Level of Social Protection for the Most Vulnerable of the Population in 2024."

Until 2023, the reimbursement for the cost of childcare service for children up to the age of three, „municipal nanny”, was provided at the level of the subsistence minimum for children up to the age of six, established as of January of the respective year (as of 01 January 2022 – 2100 UAH). Starting from 01 January 2023, the reimbursement for such service has been increased to the level of one minimum wage set as of January 1 of the respective year.

[cultural rights – where relevant]

- *For countries concerned, provide an assessment of measures taken towards respecting and promoting the cultural rights of minority communities.*

No relevant developments during the reporting period.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ develop and adopt a set of measures to ensure the protection of Ukrainian identity and education in the temporarily occupied territories of Ukraine and prepare a plan for the reintegration of children and youth from these territories into the national education system

The Ministry of Youth and Sports has developed Strategy for Strengthening Ukrainian National and Civil Identity for the period until 2030 and an operational plan of measures for its implementation in 2023-2025, which was approved by the resolution of the Cabinet of Ministers of Ukraine No. 1322 dated 15 December 2023. The Strategy and the operational plan for it directly provide tasks and measures to stabilize social tension, resolve potential conflicts during the reintegration of territories.

[EU citizens' rights – where relevant]

- *Please inform about change in Conditions for granting citizenship and investor schemes (like the ones in place in Montenegro and Albania).*

As part of legislative initiatives, the President of Ukraine submitted to the Verkhovna Rada of Ukraine a draft Law "On Certain Issues in the Field of Migration Regarding the Grounds and Procedure for Acquiring and Terminating Ukrainian Citizenship" (No. 10425 dated 22 January 2024). This bill aims to update provisions of the legislation due to the need to improve legal support for various issues in the field of migration, citizenship, the legal status of foreigners and stateless persons, and to ensure the national interests of Ukraine on these matters. This proposed law introduces a new edition of the Law of Ukraine "On Citizenship of Ukraine".

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

On 01 September 2023, the Government adopted Resolution No. 930 that approved the Procedure for the operation of places of temporary residence for internally displaced persons, as well as a model contract for the use of premises and rules for living in them (969 places of temporary residence). The Operational plan of the Strategy envisages the development of local (regional) support programmes for IDPs by regional and Kyiv city military (state) administrations.

Regional comprehensive programmes have been approved in 22 regions of Ukraine. They include a separate section on employment and professional training of internally displaced persons. With the assistance of regional military administrations, a number of measures were taken aimed at ensuring the employment of IDPs: about 36,000 people were employed; 4,200 people underwent professional training; more than 500 people received microgrants for the creation or development of their own business; more than 3,200 study vouchers were issued by the State Employment Service.

Amendments to the Law of Ukraine "On Ensuring the Rights and Freedoms of Internally Displaced Persons" were made on 08 November 2023. The bill is aimed at creating conditions for the proper provision of internally displaced persons with housing for temporary residence, as well as providing certain categories of IDPs with additional guarantees to prevent their forced eviction from housing for temporary residence during the period of martial law.

Information on anti-corruption mainstreaming

Chapter 23 - Judiciary and fundamental rights: Includes a chapter on anti-corruption, focused on issues such as high-level corruption, asset declarations, whistleblowing, access to info, vulnerable sectors; a specific section on prevention of corruption and conflicts of interest; a section on law enforcement; and a section on political party financing. (see guiding questions for anti-corruption)

The MIA in accordance with its competence ensures the implementation of the measures defined by the State Anti-corruption Program for 2023-2025, approved by Resolution of the Cabinet of Ministers of Ukraine dated 04 March 2023, No. 220, in accordance with the deadlines defined in the Program. Detailed information on the state of implementation of measures is provided quarterly to the National Agency on Corruption Prevention through the Information System for Monitoring the Implementation of State Anti-Corruption Policy and monthly to the Cabinet of Ministers of Ukraine.

Regarding corruption risk assessment tools

In order to determine the probability of committing by employees of the MIA corruption and corruption related offences, establishment of causes, conditions and consequences of the possible commission of such offenses in accordance with the resolution of the Minister of Internal Affairs of Ukraine dated 15 November 2023 No. 165/18 "Regarding assessment of corruption risks in the system of the Ministry of Internal Affairs" during the period from December 2023 till January 2024, a self-assessment of corruption risks was carried. The Working group on assessment of the corruption risk identified 5 corruption risks and developed 5 measures to influence these corruption risks.

Results of identification of corruption risks, as well as measures of influence on the corruption risks are included in the register of risks (Appendix 2 to the Anti-corruption program of the MIA for 2023-2025) in accordance with the Order of the Ministry of Internal Affairs dated 29 February 2024, No. 134.

Regarding the whistle-blower protection mechanisms

The Order of the Ministry of Internal Affairs of Ukraine dated 28 January 2021 No. 63 "On some issues of implementation of anti-corruption legislation in the field of whistle-blowers" (amended 23 March 2023 No. 232) defined the establishment of protected anonymous communication channels to receive notifications on possible facts of corruption or corruption-related offenses, other violations of the Law of Ukraine "On Prevention of Corruption".

FREEDOM OF EXPRESSION

Answers to the Guiding Questions

Intimidation of journalists

- ***During the reporting period, have there been any physical or verbal attacks on persons due to their exercise of freedom of expression or in the exercise of their journalistic profession?***

Media representatives and the Ukrainian information infrastructure are being targeted by the Russian armed forces: the Russian military is shelling Ukrainian TV towers, launching cyberattacks on Ukrainian websites, kidnapping, torturing and killing journalists. From June 15, 2022, to March 31, 2024, Russia has committed hundreds of crimes against journalists, Russia killed 14 media workers. The responsibility for the crimes committed lies solely with the Russian Federation.

During 2023, January-March 2024, criminal offenses were registered under the following articles of the Criminal Code of Ukraine:

art. 171 Obstruction of the legitimate professional activity of journalists - 70;

art. 345-1 Threats or violence against journalists - 27;

art. 347-1 Intentional destruction or damage to the property of a journalist - 2.

- ***Have public authorities made any statements related to such attacks (In support of freedom of expression or otherwise)?***

The issue of protecting journalists is one of the priorities for the government of Ukraine. MCIP actively cooperates with the Platform of the Council of Europe on the Protection of Journalists, reacting and forming the official position of Ukraine on each new alert on the Platform. During the reporting period, the position of the Government of Ukraine was given on each alert regarding attacks.

The Coordination Committee for the implementation of the Council of Europe's campaign "Journalists matter" in Ukraine was established at the MCIP, which includes representatives of state authorities, law enforcement agencies, journalists, and the public. The main purpose of this committee is to conduct professional consultations, promptly consider issues of implementation of the Council of Europe's five-year campaign on the safety of journalists "Journalists matter" in Ukraine, ensuring a common approach to solving the problems of journalists' safety and conducting their professional activities during the legal regime of martial law.

- ***Have such attacks been investigated? Have these investigations lead to indictments and convictions of the perpetrators?***

On February 24, 2022, members of the armed forces of the Russian Federation, through open armed aggression, illegally invaded the territory of Ukraine and carried

out an armed attack on military and civilian objects, critical infrastructure, objects of national economic and defense importance, and illegally occupied parts of the territory of Ukraine. These actions of the armed forces of the Russian Federation have resulted in the deaths and injuries of hundreds of thousands of people, including journalists.

In accordance with International Humanitarian Law and International Human Rights Law, the Russian Federation, as the occupying power, bears full responsibility and respect for human rights and fundamental freedoms in the temporarily occupied territories of Ukraine (including those occupied since February 2014).

Since the beginning of the full-scale invasion of Ukraine by the Russian Federation (since February 24, 2022), investigators of the National Police have initiated (or investigated) 70 criminal proceedings in criminal offenses committed against media representatives by the Russian military, including 40 deaths, 22 injuries and 12 abductions of media representatives. Out of this number of criminal proceedings, materials in 1 case were sent to court with an indictment and 45 cases were transferred to the SSU and SBI. At present, police investigators are conducting pre-trial investigations in 24 criminal proceedings of this category, including 6 under Article 438 (Violation of the laws and rules of war) of the Criminal Code of Ukraine; 1 under Article 348 (Encroachment on the life of an employee of a law enforcement agency, a member of a public formation for the protection of public order and the state border, or a military serviceman) of the Criminal Code of Ukraine; and 17 under Article 115 (Intentional homicide) of the Criminal Code of Ukraine.

In case the National Police of Ukraine's investigative divisions receive applications or appeals about criminal offenses under Article 171 of the Criminal Code of Ukraine, or after independently identifying circumstances from any source that may indicate the commitment of such facts against journalists, it decides to register them and conducts further pre-trial investigation. By 2023, the investigative divisions sent indictments to the court in 4 criminal proceedings of this category. In the first quarter of 2024, one criminal proceeding was sent to court with an indictment.

- ***Has the country taken steps to align with the European Commission Recommendation on the protection, safety, and empowerment of journalists?***

No relevant developments during the reporting period.

- ***To what extent are "historical" cases under active investigation?***

No relevant developments during the reporting period.

- ***Is protection given to journalists under threat? Is the protection adequate? Are there state or civil society assistance mechanisms for potential victims (e.g., hotlines, focal points in police and prosecution departments).***

Article 20 of the Law of Ukraine № 3782-XII of 23 December 1993 "On Ensuring the Security of Persons Participating in Criminal Proceedings" defines the grounds and reasons for taking measures to ensure the security of persons participating in criminal proceedings, where the grounds are data indicating the existence of a real threat to their life, health, housing and property, and the reasons for ensuring security may be: a statement by a participant in criminal proceedings, a member of his or her family or close relative; an appeal by the head of the relevant state body; receipt of operational and other information; and If there are appropriate reasons and grounds, the relevant measures are applied to the persons specified in the Law, which may include journalists.

The Ministry of Culture and Information Policy of Ukraine actively continues cooperates with the Council of Europe Platform for the Protection of journalists by responding and forming an official position of Ukraine on each new communication on the Platform.

Overall, while Ukraine has taken steps to investigate historical cases where journalists have been victims of violence or other crimes, much more work remains to be done to ensure that justice is served and that perpetrators are held accountable. The protection of journalists is a priority for state authorities of Ukraine.

- ***Have there been arbitrary detentions of journalists?***

With each new seizure of Ukrainian territory by the russian military, they seize editorial offices and hunt journalists. Ukrainian territories occupied by russia are a lawless zone for independent journalists. Those who refuse to cooperate are hunted down, arrested and thrown into prison on false charges of "espionage". More than 27 Ukrainian journalists are currently in russian captivity.

19 journalists in occupied Crimea Ukrainian and Crimean origin prosecuted. Iryna Danylovyh civic journalist lost her hearing after tortures in FSB.

<https://suspilne.media/culture/658792-ponad-25-ukrainskih-zurnalistiv-lisautsa-v-poloni-rf-urcisin/>

<https://suspilne.media/crimea/690626-sonajmense-19-zurnalistiv-zaznali-ci-zaznaut-kriminalnih-persliduvan-u-krimu/>

- ***Have politicians made statements either directly attacking journalists or which seek to undermine the freedom of expression?***

The russian federation acts in a gross and cynical violation of the laws and customs of war. The russian federation is solely responsible for these crimes against journalists. Ukrainian investigative bodies have opened criminal proceedings on the

grounds of a criminal offence provided for in Art. 438 of the Criminal Code of Ukraine “Violation of laws and customs of war”. Currently, the pre-trial investigations in criminal proceedings are ongoing, and measures are being taken to establish the circumstances of the crime. According to paragraph 1.2 of Article 17 of the Law of Ukraine № 540/97-BP of 23 September 1997 «On state support of the media, guarantees of professional activity and social protection of journalists» the responsibility for committing a criminal offence against a journalist in connection with his/her performance of professional duties or obstructing his/her official activities are equated to responsibility for committing the same actions against a law enforcement officer. The official activity of a journalist cannot be the basis for his/her arrest, and detention, as well as the seizure of collected, processed, and prepared materials and technical means that he/she uses in his/her work.

- ***Are any journalists imprisoned? If so, how many and are the charges related to the exercise of their profession?***

Journalists became direct victims of the Russian invasion of Ukraine. In the occupied Ukrainian territories, Russia persecutes journalists who refuse to cooperate. For at least two years, more and more local journalists were detained by the Russian occupation forces, some of them were convicted. The persecution of independent journalists has also intensified in Crimea. As of today, it is known about 27 journalists who are still in captivity of the military of the Russian Federation.

According to information from the non-governmental organization "Human Rights Information Center", since the beginning of the full-scale invasion, the organization recorded 142 cases of attacks and threats against journalists, editors of traditional and online publications, Telegram channels, and online activists in Crimea. Of these, 82 cases were documented in 2022 and 60 cases - from the beginning of 2023.

The most common methods of attacks on media workers and civilian journalists are attacks using legal mechanisms, including detention, arrests and fines on charges of administrative offences, as well as criminal prosecution of journalists.

Legislative environment

- ***Defamation: Is libel a criminal offence with a potential penal sentence? At what level are fines/damages for defamation?***

In Ukraine, since 2014, defamation is not considered a criminal offense.

According to Article 43 of the Law of Ukraine № 2849-IX of December 13, 2022 "On Media," a person who believes that information about them has been disseminated by a subject in the field of audiovisual, printed, or online media that does not correspond to reality (presented incompletely or inaccurately) and diminishes their honor, dignity, or business reputation, has the right to demand the refutation of inaccurate information or exercise the right to reply.

On one hand, the Constitution of Ukraine guarantees users the right to freedom of expression on the internet, specifically in Article 34, which ensures the right to freedom of thought and speech, the free expression of views and beliefs. It is established that everyone has the right to freely collect, store, use, and disseminate information orally, in writing, or in any other way of their choosing. However, such information must be disseminated in accordance with legislative norms regarding its accuracy and must not defame the honor, dignity, or business reputation of others.

According to Article 3 of the Constitution of Ukraine, the honor and dignity of individuals are recognized as the highest social value. Violations of these fundamental rights require appropriate protection. According to Article 55 of the Constitution of Ukraine, everyone has the right to defend their rights and freedoms against violations and unlawful encroachments by any means not prohibited by law. According to Article 15 of the Civil Code of Ukraine, every person has the right to protect their civil rights in case of their violation, non-recognition, or challenge. The same right is granted to legal entities according to Part 2 of Article 94 of the Civil Code of Ukraine.

Simultaneously with the requirements for protecting honor, dignity, and business reputation, plaintiffs may also demand compensation for material and moral damages (Article 280 of the Civil Code of Ukraine for individuals).

Authorities as plaintiffs in cases of protection of honor, dignity, and business reputation are entitled to demand in court only the refutation of inaccurate information about themselves and do not have the right to demand compensation for moral (non-pecuniary) damage (Part 2 of Article 31 of the Law of Ukraine № 2657-XII of October 2, 1992 "On Information").

The refutation of inaccurate information is regulated by Article 277 of the Civil Code of Ukraine, which provides that a natural person whose personal non-proprietary rights have been violated as a result of the dissemination of inaccurate information about them and/or their family members has the right to a response, as well as to the refutation of this information.

- ***Blasphemy laws: Is blasphemy criminalised and are there penal sentences?***

Ukrainian legislation does not provide for punishment for blasphemy.

- ***"Hate speech": ECtHR case law makes a distinction between, on the one hand, the right of individuals (including journalists and politicians) to express their views freely, including speech which "offends shocks or disturbs the State or any sector of the population" and, on the other hand, genuine and serious incitement to violence and hatred. Does the national legislation follow this?***

The Law of Ukraine № 2849-IX of December 13, 2022 «On Media» provides for: freedom of expression of views and beliefs; freedom of dissemination, exchange

and receipt of information; freedom of activity of entities in the media sphere, including free determination of the content of information; guarantee of the right to information; openness and accessibility of information; accuracy and completeness of information; legality of obtaining, using, disseminating, storing and protecting information; protection of a person from interference in his or her private and family life and prohibition of censorship.

At the same time, the Law of Ukraine № 2849-IX of December 13, 2022 «On Media» provides for a clear list of information that is prohibited for dissemination in the media and on video sharing platforms, including statements that incite discrimination or harassment against or incite hatred, hostility or cruelty towards individuals or groups of individuals, promotion of the use of narcotic drugs, psychotropic substances, promotion of cruelty to animals, etc.

The Law of Ukraine № 2849-IX of December 13, 2022 «On Media» also clearly stipulates that when implementing restrictions in the field of media, state bodies, local selfgovernment bodies and their officials shall apply the case law of the European Court of Human Rights as a source of law.

● ***Public morals, national security or protection of "national values": Is legislation covering these issues and their application in conformity with obligations under international human rights law?***

The Law of Ukraine № 2849-IX of December 13, 2022 «On Media» is in line with obligations under international human rights law.

The Ukrainian law № 2849-IX of December 13, 2022 "On Media" and amendments to the Ukrainian law № 270/96-BP of July 3, 1996 "On Advertising" bring the provisions of national legislation in line with European standards. These laws have also received positive feedback from the European Commission for Democracy through Law (Venice Commission) and a positive assessment from the Council of Europe.

● ***Internet: Does the country have specific legislation or undertake specific actions with regard to freedom of expression on the internet, including regulation of digital platforms and online media? Has the country taken any steps towards alignment with the EU acquis in that regard (e.g., Digital Service Act)?***

The Law of Ukraine № 2849-IX of December 13, 2022 «On Media» does not provide for the regulation of the Internet. However, it does provide for voluntary registration of online media, as well as mandatory registration of Ukrainian providers of video-sharing platforms.

At the same time, the Law of Ukraine № 1089-IX of December 16, 2020 "On Electronic Communications" defines the legal and organizational foundations of state policy in the fields of electronic communications and radio frequency spectrum, as well as the rights, duties, and responsibilities of individuals and legal

entities participating in such activities or using electronic communication services.

The scope of this Law extends to relations in the fields of electronic communications and radio frequency spectrum regarding the provision and receipt of electronic communication services, supply and access to electronic communication networks, ensuring competition in electronic communication markets, as well as the use of radio frequency spectrum, numbering resources, and protection of user rights.

- ***Regulation of the journalist profession and media organisations: Have there been any changes in legislation concerning the regulations, or accreditation of journalists, establishment of media outlets, access of journalists to potential sources of information or to specific events (i.e. contacts between journalists and public servants)?***

The Law of Ukraine «On Media» amended the Law of Ukraine «On State Support of the Media, Guarantees of Professional Activity and Social Protection of Journalists», which provides for the definition of the status of a journalist and amendments to the Law of Ukraine «On Information» regarding accreditation of journalists.

In February 2024 the Order No. 73 of the Commander-in-Chief of the Armed Forces of Ukraine on the work of the media at the front and their accreditation was amended. It took into account the proposals of the journalistic community to simplify access for journalists to the combat zone.

- ***Restrictions on the right of access to information: Is the overall framework restrictive? Have there been specific examples of journalists being denied information and/or of arbitrary restrictions? Does the system of access to information function in general?***

No relevant developments during the reporting period.

- ***Have any measures been taken to align with the Media Freedom Act? Notably measures to guaranteeing independence and sustainable funding of public service media, measures on market concentrations and transparency of ownership.***

In March 2024, the European Media Freedom Act was adopted, which comes into force 20 days after its signature and publication. The act will be fully implemented within 15 months from the date of its entry into force. Given that the text of the document was adopted not so long ago, as of the reporting period, no measures were taken to bring Ukrainian legislation in line with the European Media Freedom Act.

Ukrainian laws related to the independence of public service media and

transparency of media ownership adopted in recent years are fit with the main provisions of the Media Freedom Act, including measures.

The new on Media already has a provision on media concentration (art.7), and transparency of ownership (art. 5, 25) which is at least partially implements article 22 of EMFA.

The Law on Public service media of Ukraine established the National Public Broadcasting Company of Ukraine (UA: PBC) as an independent public service media. This law aimed to ensure the independence of public service media by establishing a supervisory board that would oversee the management and editorial policy of UA: PBC. The board is composed of representatives from civil society organisations, media professionals, and cultural figures.

Not all mechanisms of EMFA will be available for Ukraine till the full EU membership. Article 18 which established a mechanism of protecting media on VLOP's will not affect Ukraine. Due to war this causes a chilling effect on media since 2014, and especially since 2024. All conflicts related to media ad war content resolve via negotiation of Ministries and big tech companies as well as trusted partners like NGO CEDEM, Digital security lab, Internews Ukraine. However, a platform Telegram in not represented in Ukraine and EU, not defined as a VLOP, but already cause a harm for the freedom of speech in many countries.

IMPLEMENTATION OF LEGISLATION/INSTITUTIONS

● ***Is the existing legislation implemented in a consistent manner which respects the rule of law? Are there instances of “selective justice” in applying the existing (e.g., tax) legislation?***

During the last year a new package of amendments was developed and presented on March 26, 2024, for public discussions and comments. This package reflects a first year of implementation, fixes some provisions which were found on the practical level of implementation and adding additional support for public service media, media of minorities and indigenous nations as well as adding additional guarantees to the law on advertisement e.g. fixing problems with a media self advertisement and protection of individuals in advertisement from AI generated content. No relevant developments during the reporting period.

The process of creation of the co-regulation bodies was transparent and allowed the participation of all registered media.

● ***Is there a national “media strategy” anticipating sectorial developments including the regulation?***

In November 2023, the National Council approved the Strategy of the National Council for 2024-2026 (decision No. 1475 of 23.11.2023).

To outline detailed measures to achieve the goals of the Action Strategy, the

National Council developed and approved the Strategy Implementation Plan for 2024 in January 2024.

Pursuant to the recommendations of the European Commission, in order to implement the provisions of Directive 2010/13/EC of the European Parliament and of the Council 2010/13/EU on audiovisual media services, the Law of Ukraine «On Media» No. 2849-IX of December 13, 2022, was adopted and entered into force almost a year ago.

The Government referred the issue of open access to information to the Action Plan for the Implementation of the Information Security Strategy for the period until 2025. In particular, strategic goal 4 is entitled «Ensuring compliance with the rights of the individual to collect, store, use and disseminate information, freedom of expression of one's views and beliefs, protection of private life, access to objective and reliable information, as well as ensuring the protection of the rights of journalists, guaranteeing their safety during the performance of professional duties, countering the spread of illegal content».

● ***Is there an independent media regulator? What is the composition of the body? Does this create any systemic bias?***

No relevant developments during the reporting period.

● ***Are the procedures of nominating and appointing the members of the regulatory body taking a due account of professional qualities of the candidates and transparent and free of political influence?***

No relevant developments during the reporting period.

● ***Does the body have financial autonomy?***

According to Article 89 of the Law of Ukraine «On Media», the activities of the National Council are financed from the state budget. The state provides adequate funding for the activities of the National Council, which ensures its independence. Funding is provided for as a separate line in the State Budget of Ukraine and amounts to at least 0,022 per cent of the revenues of the general fund of the State Budget of Ukraine for the previous year. The issue of financial independence of the media regulator remains problematic, as the Law of Ukraine «On the State Budget» suspended the provisions of Articles 78 and 84 of the Law of Ukraine «On Media» regarding the specifics of remuneration of members of the National Council and employees of the National Council's staff. At the same time, the Order of the Cabinet of Ministers of Ukraine «On Approval of the Action Plan for Implementation of the Recommendations of the European Commission Presented in the Report on Ukraine's Progress within the Framework of the European Union Enlargement Package 2023» No. 133 dated February 9, 2024 provides for the development of proposals to resolve this issue.

- ***Does the body have sufficient staff and other resources to carry out its mandate at the required professional level?***

For legal, scientific, informational, organisational, logistical and other support of the National Council's activities, the apparatus of the National Council is established. Officials of the apparatus are civil servants, except for employees performing service functions. At the beginning of 2024, changes were made to the staffing structure of the media regulator (currently, the number of positions is 249).

- ***Are rulings of the body effective towards the ends they aim to achieve (e.g., the available range of enforcement measures diverse enough to be effectively used)? The track-record of implementing the rulings.***

According to Article 87 of the Law of Ukraine "On Media" the National Council, in cases determined by legislation and within its powers, adopts regulatory legal acts (including regulatory acts) and acts of individual action. Acts of the National Council are adopted in the form of decisions. Acts of the National Council are binding on media entities. Failure to comply with, improper, or untimely execution of acts of the National Council entails liability established by law.

The National Council supervises and controls compliance by media entities with legislation and/or license conditions (Article 97 of the Law of Ukraine "On Media").

According to Article 99 of the Law of Ukraine "On Media":

Measures of response to violations of legislation and/or license conditions are applied to media entities in cases and on grounds determined by this Law.

Measures of response to violations include:

- a prescription applied by decision of the National Council;
- a fine imposed by decision of the National Council;
- revocation of a license by court decision in the manner determined by Article 116 of this Law;
- cancellation of registration by decision of the National Council or by court decision in the manner determined by Article 116 of this Law;
- prohibition of publication and dissemination of print media by decision of the National Council or by court decision in the manner determined by Article 116 of this Law;
- temporary prohibition of the dissemination of online media by decision of the National Council;
- prohibition of the dissemination of online media by decision of the National Council or by court decision in the manner determined by Article 116 of this Law.

- *Are strategic lawsuits against public participation (SLAPPs) cases common in the country? Has the country adopted a legal framework to protect against this phenomenon? Is there any instruction for judiciary how to recognise and dismiss the SLAPP cases?*

Strategic lawsuits are not common and happen mostly against NGO in relation to anti-corruption investigations and critics of specific politicians. In the riskiest for the media and NGO period (2003-2011) there were a specific regulation, limits the amount of sum of moral damage claimed by public persons. This caused a chilling effect for misuse legal procedures to pressure on media and NGO. In 2024 CoE office plans to host a discussion about possible safeguards needs to be developed and implemented in Ukraine to prevent SLAPPs in future.

Despite of the national regulations the biggest Ukrainian mail portal and the one of the most popular news aggregator Ukr.net was switch off for a several hours in January 23, 2024 by preliminary US court decision by the appeal of the russian oligarch Stanislav Kondrashov, which is still not under EU/US sanctions for trespassing sanctions and supporting VAGNER terroristic group.

Public service broadcaster

- *Are the public service broadcasters independent from government and able to function without its political interference, notably are its management and staffers exposed/submissive to political pressures?*

No relevant developments during the reporting period.

- *Does funding reflect this independence in terms of being sufficient and providing for sustained development of the organisation? What are the sources of funding? Does this source/these sources enable public service broadcasters to meet the public service requirement of content plurality to address socially diverse audiences in the country?*

No relevant developments during the reporting period.

- *Is there a supervisory body for the public service broadcaster? Are its members selected through a transparent process, and independent? Is there balanced politically and social representation in the membership of the body?*

No relevant developments during the reporting period.

Economic factors

- ***Are there other forms of economic sanction or market restrictions for exercising free expression in media?***

It is important to note, that due to international sanctions some media, originated from the Donetsk, Luhansk oblasts are restricted for advertising and monetization on big tech platforms. Only mechanism of trusted partners allows to case-by-case solutions, but some media was limited for the several months without any formal procedures, which allows them to show, that they are not on occupied territories.

- ***Have there been any developments with regarding media ownership concentration as opposed to media pluralism? The state/the state-owned company ownership in media. Is there sufficient transparency of media ownership?***

Article 27 of the Law of Ukraine «On Media» provides for the principles of ensuring compliance with the requirements to the ownership structure. The Strategy of the National Council also stipulates the tasks of the media regulator, which include monitoring compliance by media entities with the requirements for transparency of the ownership structure, including by providing public access to information on the ownership structure, as well as overcoming the excessive influence of private interests in the media space of Ukraine and preventing the presence of the aggressor state (occupying power) in the ownership structure of a media entity. The mechanisms include:

- conducting research on compliance with the requirements for the ownership structure of media entities and making appropriate decisions on recognising the ownership structure of media entities as non-transparent if it is established that the ownership structure does not meet the requirements of the Law of Ukraine «On Media»;
- creating appropriate conditions for media entities to submit information on their ownership structure through an electronic cabinet;
- checking up-to-date information on the ownership structure on the websites of media entities (if available) and making such information available through the main menu of the website. No decisions of the National Council on transparency of media entities were adopted during the reporting period.

The Law of Ukraine «On Media» stipulates that a person whose ownership structure includes state bodies, local self-government bodies cannot be a media entity, except in cases provided for by this law (for scientific institutions, educational and cultural institutions).

In recent years, Ukraine has experienced positive changes regarding media pluralism. The country has made significant strides in promoting and protecting media freedom, enabling a more diverse and vibrant media landscape. One notable development has been the emergence of new independent media outlets, which have

provided alternative perspectives and promoted greater transparency in reporting. This has helped to counteract the previously dominant narrative controlled by a few powerful media conglomerates.

Additionally, the Ukrainian government has taken steps to promote media pluralism by implementing legislation that supports independent media outlets and promotes transparency in media ownership. These efforts have also helped to create a more level playing field for smaller and newer media organisations.

It is also worth adding some positive aspects: in 2023, Ukraine moved up 27 positions in the annual Press Freedom Index, and was ranked 79th compared to 106th in 2022. This is the best result in this ranking since Ukraine's independence. The reasons for this are the economic stability of most media outlets and the reduced influence of oligarchs.

- ***Do the state authorities implement competition/state aid rules in the media sector in an impartial manner?***

State support of the media of indigenous nations also prescribed by the law on Indigenous nations adopted in 2021.

- ***Does the media market (also that of the advertisement) function in a fair and independent manner? What is the share of the government advertising in the overall ads market; the procedures of its allocation/dispatching?***

In accordance with Article 12 of the Law of Ukraine "On Advertising", subjects in the field of media - distributors of advertising, whose activities are fully or partially financed from state local budgets, are obliged to place social advertising of state authorities, local self-government bodies, public organizations free of charge in in the amount of at least 5 percent of air time, printed area, set aside for advertising.

- ***What are labour conditions of journalists? Are there sufficient safeguards (labour contracts, editorial codes, etc.) to prevent undue pressures on journalist work by using economic leverages.***

No relevant developments during the reporting period.

- ***Are there any financial support mechanisms for media outlets (e.g., to promote the production of the public service media content) in place? Is funding distributed in a fair and transparent manner?***

Joint stock company “Public Broadcasting Company of Ukraine”

In accordance with part one of Article 14 of the Law of Ukraine "On Public

Media of Ukraine", the joint stock company "Public Broadcasting company of Ukraine" (hereinafter referred to as JSC "UA:PBC") may be financed by: sale of its own programs, fees for the use of copyright and related rights; state and local budgets; subscription fees paid for UA:PBC services; other revenues not prohibited by law.

In addition, according to Article 87 of the Budget Code of Ukraine, expenditures made from the state budget include, in particular, expenditures for programs to support public television and radio broadcasting.

Part three of Article 14 of the Law of Ukraine "On Public Media of Ukraine" stipulates that the state shall ensure proper funding of JSC "UA: PBC", which is provided for as a separate line in the State Budget of Ukraine and amounts to at least 0.2 percent of the expenditures of the general fund of the State Budget of Ukraine for the previous year. Paragraph 26 of Section VI "Final and Transitional Provisions" of the Budget Code of Ukraine stipulates that the norms and provisions of Article 14 of the Law of Ukraine "On Public Media of Ukraine" shall be applied in the manner and in the amounts established by the Cabinet of Ministers of Ukraine, based on the available financial resources of the state and local budgets and budgets of the compulsory state social insurance funds.

The State Budget of Ukraine for 2024 envisages expenditures of

UAH 1,850,012.8 thousand for the Ministry of Culture and Information Policy of Ukraine under the budget program under the code for program classification of expenditures and credits (hereinafter CPCEC) 3802080 "Financial Support of the Public Broadcasting Company of Ukraine". Resolution of the Cabinet of Ministers of Ukraine No. 30 of January 25, 2017, approved the Procedure for the Use of Funds Provided for in the State Budget for Financial Support of the Joint Stock Company "Public Broadcasting Company of Ukraine". JSC "UA: PBC" independently allocates funds to the areas of their use.

The system of foreign broadcasting of Ukraine

According to part two of Article 10 of the Law of Ukraine "On the System of Foreign Broadcasting of Ukraine", the sources of funding for the activities of public broadcasting entities may include: funds received from the sale of their own television and radio products; funds received from broadcasting advertising; fees for the provision of copyright and related rights for use; state budget funds; voluntary, charitable and sponsorship contributions, donations from individuals and legal entities (except for anonymous donations); other revenues not prohibited by law.

According to part one of Article 10 of the Law of Ukraine "On the System of Foreign Broadcasting of Ukraine" stipulates that the state shall ensure proper financing of the state foreign broadcasting system of Ukraine, which is composed of the state enterprise "Multimedia Platform of Foreign Broadcasting of Ukraine" and the National News Agency of Ukraine "Ukrinform". And is provided for as a separate line in the State Budget of Ukraine and amounts to at least 0.06 percent of

the expenditures of the general fund of the State Budget of Ukraine for the previous year.

Paragraph 26 of Section VI "Final and Transitional Provisions" of the Budget Code of Ukraine stipulates that the norms and provisions of Article 14 of the Law of Ukraine "On Public Television and Radio Broadcasting of Ukraine" shall be applied in the manner and in the amounts established by the Cabinet of Ministers of Ukraine, based on the available financial resources of the state and local budgets and budgets of the compulsory state social insurance funds.

The State Budget of Ukraine for 2024 allocates UAH 1,510,196.2 thousand to the Ministry of Culture and Information Policy of Ukraine under the budget program under CPCEC 3801020 "Production and broadcasting of programs for state needs, collection, processing and distribution of official information products, financial support of the system of the state foreign broadcasting of Ukraine". Resolution of the Cabinet of Ministers of Ukraine No. 915 dated October 28, 2015, approved the Procedure for the use of budgetary funds provided for in the state budget for the production and broadcasting of programs for state needs, collection, processing and distribution of official information products, and financial support for the system of the state foreign broadcasting of Ukraine.

Financial support for the media

In accordance with paragraph 11 of part one of Article 87 of Chapter 14 of the Budget Code of Ukraine, expenditures made from the State Budget of Ukraine include expenditures on programs to support national and state television and radio broadcasting companies, public television and radio broadcasting, the press, book publishing, and state information agencies.

Internet

● ***Restrictions by operators: Do operators block, slow down, degrade or discriminate against specific content, applications or services? Do the described actions relate to questions of security, prevention of radicalisation, and combat against racism, xenophobia and extremism? Are there any effective appeal procedures in place for the cases journalists contest decisions by operators.***

In accordance with the second part of Article 8 of the Law of Ukraine "On Electronic Communications", the electronic regulatory platform provides access to: notices about the obligation to restrict access to websites determined by the decision of the National Council of Ukraine on Television and Radio Broadcasting to apply a response measure such as a temporary ban on the distribution of online media or a ban on the distribution of online media or a court decision on a ban on the distribution of online media, which entered into legal force; notices about the obligation to restrict or restore access to websites determined by the decision of the National Council of Ukraine on Television and Radio Broadcasting to include or

exclude the service from the List of audiovisual media services to order and services of audiovisual service providers of a state recognized by the Verkhovna Rada of Ukraine as a state- aggressor. The grounds for blocking or restricting access to websites are provided for in the third part of Article 18 of the Law of Ukraine "On Electronic Communications":

1. On the basis of a court decision to limit the access of its subscribers to resources through which child pornography is distributed;

2. To carry out the orders of the National Center for Operational-Technical Management of Electronic Communication Networks of Ukraine in the conditions of a state of emergency or war, except for electronic communication networks used for broadcasting in accordance with the Law of Ukraine "On Media", decisions on which are made by the National Council of Ukraine on Television and Radio Broadcasting;

3. Restrict access to websites determined by the decisions of the National Council of Ukraine on Television and Radio Broadcasting on the application of a response measure such as a temporary ban on the distribution of online media or a ban on the distribution of online media, or a court decision on the ban on the distribution of online media that has entered into force;

4. Restrict or restore access to websites determined by the decision of the National Council of Ukraine on Television and Radio Broadcasting to include or exclude the service from the List of audiovisual media services to order and services of audiovisual service providers of a state recognized by the Verkhovna Rada of Ukraine as an aggressor state.

● ***Intellectual property rights: Is the blocking of access to websites on grounds of copyright protection proportionate? Or could it constitute a disproportionate restriction of freedom of opinion and expression.***

Ukraine for many years combating with a piracy in online area. In 2022 the new law on copyright was enforces improving the protection for the whole copyright system in Ukraine, e.g. reflection on the new area of AI generated content (sui generis). In 2013 an initiative “Clear Sky” (<https://legalcontentua.org/>) was established by the 12 major media players in Ukraine with the aim to combat illegal film distribution and piracy. On November 9, 2023, The National council passed a decision on blocking 16 media services originated from russia, most of them are piracy bays, especially the notorious HD Rezka. Such measures are proportional both on the ground on Chapter 9 of the law and total piracy origin of such platforms. In cases of the accidental or single case copyright violation this is the matter of the relations between private companies and civil court trials — there is no need for state to interfere in such relations.

According to Article 53 of the Law of Ukraine "On Copyright and Related Rights," infringement of personal non-property and/or property copyright and related rights includes, among other things, the use of a copyrighted work or a work

protected by related rights if such actions do not fall under the cases of free use of copyrighted works or works protected by related rights provided for by this Law, without the permission of the rights holder, including: piracy in the field of copyright and related rights - reproduction, importation into the customs territory of Ukraine, exportation from the customs territory of Ukraine, and distribution of pirated copies of works (including computer programs and databases), phonograms, videograms, unauthorized use of broadcasting programs, camcording, as well as Internet piracy, i.e., unauthorized use of copyrighted works and/or objects of related rights using the Internet.

According to Article 55 of the Law of Ukraine "On Copyright and Related Rights," the court has the right to render a decision, including on the termination and prohibition of the publication of works, performances, phonograms, videograms, confiscation of pirated copies of works, phonograms, videograms or recordings of broadcasting programs and equipment and materials intended for their production and reproduction, publication of information about the committed infringement in the press, etc., if during the judicial proceedings the fact of infringement of copyright and/or related rights or the fact of actions creating a threat of infringement of such rights is proven.

- ***Restrictions on the right of privacy and data protection: Is personal data protection in line with European standards? (See data protection section)***

To date, in order to comply with European standards for the protection of personal data, a draft Law of Ukraine "On the Protection of Personal Data" has been developed, which was registered in the Verkhovna Rada of Ukraine on October 25, 2022 under No. 8153. The draft law is aimed at implementing the provisions of EU Regulation 2016/679. Currently, the draft Law is awaiting consideration by the Verkhovna Rada of Ukraine in the first reading.

Freedom of artistic expression

- ***Does the existing legislation restrict the freedom of artistic expression?***

No relevant developments during the reporting period.

- ***Have there been instances of intimidation of artists. What has been the follow up by the authorities? Have there been thorough investigations leading to prosecutions?***

The Ministry of Culture and Information Policy of Ukraine did not receive any information about intimidation or persecution of artists because of their creative activities in the territory controlled by the Ukrainian authorities.

The other information provided by Ukraine as part of the 2023 Enlargement

Package remains relevant.

- ***Have restrictions been placed on performances/exhibitions/any other form of artistic expression (censorship). Have the restrictions been imposed by state or local authorities or by other (commercial) entities?***

In accordance with Article 126 of the Law of Ukraine "On Media", the list of persons who pose a threat to national security is compiled by the central executive body that ensures the formation of state policy in the fields of culture and arts, based on requests from public authorities, namely National Security and Defense Council of Ukraine, the Security Service of Ukraine, the National Council of Ukraine on Television and Radio Broadcasting.

The List of Persons is available on the official website of the ICIP in the subsection "List of Persons Posing a Threat to National Security" of the section "Information Policy and Security" of the section "Activities" at the following link: <https://mcip.gov.ua/informatsiyna-polityka-ta-bezpeka/perelik-osib-iaki-stvoriuiut-zahrozu-natsbezpetsi/>.

Professional organisations and professional standards

- ***What are the forms of journalist/media sectorial self-organisation (associations, unions, etc.) in the country? The assessed degree of effectiveness of these in representing professional interests of the media sector.***

No relevant developments during the reporting period.

- ***Is there an established dialogue between government and professional bodies on the broad range issues of the sectorial relevance (media strategies, related draft laws, etc.)?***

No relevant developments during the reporting period.

- ***Is there an effective, representative (in terms of membership) and respected (in terms of implementation of rulings) media self-regulation (e.g., Press Councils) in the country? Is there a practice of self-assessment (ethical) audits among media outlets?***

No relevant developments during the reporting period.

Working conditions of journalists

- ***Across the profession, what is the employment status of journalists / contractual staff/ temporary / freelance? What is the trend? Are the employment conditions for journalists respected? Pay tenure etc.***

In Ukraine, journalists are employed under various conditions depending on the media outlet they work for. Some journalists are employed as full-time staff, while others work as freelancers or on a project-by-project basis.

Journalists can work in-house or freelance in the media. This can be through an employment contract or a service contract for creating a specific article or material, etc.

On April 8, 2024, draft a on amending article 15 of the law On State Support of Media, Guarantees of Professional Activity and Social Protection of Journalists which prescribes obligatory life, health, disability insurance of journalists.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

It is also worth adding some positive aspects: in 2023, Ukraine moved up 27 positions in the annual Press Freedom Index, and was ranked 79th compared to 106th in 2022. This is the best result in this ranking since Ukraine's independence. The reasons for this are the economic stability of most media outlets and the reduced influence of oligarchs.

Information on anti-corruption mainstreaming

Chapter 23 - Judiciary and fundamental rights: Includes a chapter on anti-corruption, focused on issues such as high-level corruption, asset declarations, whistleblowing, access to info, vulnerable sectors; a specific section on prevention of corruption and conflicts of interest; a section on law enforcement; and a section on political party financing. (see guiding questions for anti-corruption)

Chapter 10 - Information society: consider whistle-blower protection and existence of anonymous and confidential disclosure mechanisms.

Whistle-blowers are protected by different legal acts of Ukraine. Issues related to their protection as well as activity are regulated by the Law of Ukraine «On Prevention of Corruption», the Law of Ukraine «On Ensuring the Safety of Persons Participating in Criminal Proceedings», the Law of Ukraine «On Free Legal Aid», the Law of Ukraine «On Advocacy and Advocacy», the Law of Ukraine «On Prevention of the Impact of Corruption Offenses on the Results of Official Sports Competitions», the Law of Ukraine «On the State Penitentiary Service of Ukraine», the Law of Ukraine «On the State Special Transport Service», the Law of Ukraine «On the Security Service of Ukraine», the Law of Ukraine «On Citizens' Appeals», the Labor Code of Ukraine, the Code of Ukraine on Administrative Offenses, the Criminal Code of Ukraine, the Civil Code of Ukraine, the Criminal Procedure Code of Ukraine, the Civil Procedure Code of Ukraine, the Code of Administrative Procedure of Ukraine, the Disciplinary statute of the civil protection service, the

Disciplinary statute of the bodies of internal affairs of Ukraine, the Disciplinary Statute of the Armed Forces of Ukraine, the Requirements for the protection of anonymous communication channels through which reports on possible facts of corruption or corruption-related offenses and other violations of the Law of Ukraine «On Prevention of Corruption».

In particular, the Law of Ukraine «On Prevention of Corruption» foresees rights and guarantees of whistle-blower protection (Article 53-3), protects labor rights of a whistle-blower (Article 53-4) etc.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ develop, together with the community of journalists, simplified rules for reporting from the combat zone and adjacent areas, taking into account the security concerns

In February 2024 the Order No. 73 of the Commander-in-Chief of the Armed Forces of Ukraine on the work of the media at the front and their accreditation was amended. It took into account the proposals of the journalistic community to simplify access for journalists to the combat zone.

→ ensure the independence of the national regulator by providing adequate funding, including for necessary adjustments to its structure in line with the new Law on media.

Subparagraph 6 of paragraph 34 of Section X "Final and Transitional Provisions" of the Law of Ukraine "On Media" obliges the Cabinet of Ministers of Ukraine to provide for funding of the National Council of Ukraine on Television and Radio Broadcasting in the amount of not less than 0.022 per cent of the revenues of the general fund of the State Budget of Ukraine for the previous year in the draft laws of Ukraine on the State Budget of Ukraine for the following years.

However, according to Article 7 of the Budget Code of Ukraine, one of the principles of the budget system of Ukraine is the principle of balance, according to which the authority to make budget expenditures must correspond to the amount of budget revenues for the relevant budget period.

Taking into account the above, as well as the need to allocate budget funds to priority areas of state development, the draft Law of Ukraine "On the State Budget of Ukraine for 2024", approved at a meeting of the Cabinet of Ministers of Ukraine on 15 September 2023 and submitted to the Verkhovna Rada of Ukraine, provides for expenditures under the general fund of the state budget in the amount of UAH

228,880.4 thousand under the CPC 644 "National Council of Ukraine on Television and Radio Broadcasting".

→ develop a roadmap to support the re-establishment of a pluralistic, transparent and independent post-war media landscape.

The Cabinet of Ministers of Ukraine has approved an action plan to implement the recommendations of the European Commission presented in the Progress Report on Ukraine's 2023 EU Enlargement Package (Resolution No. 133-r of 9 February 2024) (hereinafter - the Action Plan). In order to implement the Recommendation, paragraph 26 of the Action Plan provides for the Ministry of Culture and Information Policy of Ukraine to develop a roadmap for the restoration of a pluralistic, transparent and independent national media space after the termination or cancellation of martial law with a deadline of June 2024.

Currently, work is underway to develop a Roadmap to Support the Restoration of a Pluralistic, Transparent and Independent Post-Martial Law Media Space.

Problematic issues related to the content of the Roadmap were discussed among the participants of the International Training Program "Media Development and Democratic Media Regulation in the New Digital Age", organised by ITP Media, in Stockholm and Uppsala (Sweden) from 11 to 23 February 2024.

In addition, in order to implement paragraph 26 of the Action Plan, the ICIP addressed the National Council of Ukraine on Television and Radio Broadcasting and the Ukrainian Parliament Commissioner for Human Rights with a request to provide proposals for the draft roadmap.

1. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

1.2. Rule of Law and Fundamental Rights

1.2.2. CHAPTER 24 – Justice, Freedom and Security



У К Р А Ї Н А



Є В Р О П А

Answers to the Guiding Questions

Institutional set-up and legal alignment

● *The main institutional architecture in a factual manner (incl. number of police officers per 100.000 inhabitants) and any major changes to it, in particular the level of specialisation. Whether the country has an Asset Recovery Office and/or an Asset Management Office, and if so, their capacity.*

Taking into consideration the fact that there are no statistical data on the population of Ukraine in 2024 because of the armed aggression of the Russian Federation against Ukraine, according to the information of Institute of Demography and Social Research of the National Academy of Sciences of Ukraine, the estimated population is not stable but up to 35 million people. In view of this fact, to specify the exact number of police officers per 100 000 inhabitants as of the beginning of 2024 is currently not possible, including as well the purpose to avoid the disclosure of information about the number of personnel of the National Police of Ukraine under the legal regime of martial law.

● *Whether the legal framework is aligned with the EU acquis on police cooperation and organised crime and legal developments if any. Mention as a minimum the level of alignment or main shortcomings as regards trafficking in human beings & firearms and cybercrime, including online child sexual abuse.*

The country is adopting legislation with a view to aligning with the acquis in this area.

The following draft laws have been prepared, which are currently under consideration by the Verkhovna Rada of Ukraine:

draft Law on the Right to Civilian Firearms, reg. No. 5708 (second reading),

draft Law on Amendments to the Code of Ukraine on Administrative Offences and the Criminal Code of Ukraine to Implement the Provisions of the Law of Ukraine on the Right to Civilian Firearms, reg. No. 5709 (second reading),

draft Law "On Amendments to the Law of Ukraine "On Ensuring the Participation of Civilians in the Defense of Ukraine" on Improving the Procedure for Receiving, Declaring and Handling Firearms" reg. No. 9538 of 28 July 2023 (on 20th March 2024 adopted in the first reading).

²⁵ The data is provided without reference to the E-platform data, which is being updated by the Office of the Prosecutor General following explanatory meetings with the European Commission.

These drafts propose to regulate the sphere of firearms circulation and define the legal and organisational framework of state policy on the circulation of firearms, their main parts, additional equipment, ammunition for firearms and their components in Ukraine in line with the Directive (EU) 2021/555 of the European Parliament and of the Council of 24 March 2021 on control of the acquisition and possession of weapons.

The Verkhovna Rada of Ukraine is also considering the draft Law of Ukraine on Ensuring the Security of Participants in Criminal Proceedings and Other Persons in the Interests of Justice" (reg. No. 5751). The purpose of this draft law is to regulate the issue of international protection of participants in criminal proceedings.

The Verkhovna Rada of Ukraine ratified the 2001 Convention on Cybercrime (Law of Ukraine № 2824-IV of 7 September 2005 - entered into force on 1 July 2006).

The draft laws were registered No. 4003 "On Amendments to the Criminal Procedure Code of Ukraine and the Code of Ukraine on Administrative Offences with regard to raising effectiveness of combating cyberattacks" and No. 4004 "On amendments to the Criminal Procedure Code of Ukraine regarding increasing the effectiveness of the fight against cybercrime and the use of electronic evidence". The draft laws No. 4003 and No. 4004 included in the agenda by the Resolution of the Verkhovna Rada of Ukraine No. 3562-IX of 6 February 2024.

On 19 December 2023 the Cabinet of Ministers of Ukraine approved an Action Plan for 2023-2024 to implement the Cybersecurity Strategy of Ukraine.

Since 4 March 2024, the first portal for reporting materials related to online child sexual abuse has been operating in Ukraine – “StopCrime”. The “StopCrime” is a new opportunity to protect the rights of citizens on the Internet, which is available in most EU countries and has now been implemented in Ukraine. The introduction of the portal is carried out taking into account the European strategy for a Better Internet for Kids. On the portal people can report about online child sexual abuse and learn more about online safety. Confirmed information will be immediately forwarded to law enforcement agencies for investigation and exposure of offenders.

As part of deepening cooperation with international organizations in the field of protecting children from online sexual abuse, the CyberPolice Department of the National Police of Ukraine cooperates on an ongoing basis with law enforcement agencies of the European Union and the United States of America, the United Nations Children's Fund UNICEF, and the National Center for Missing and Exploited Children NCMEC. In addition, employees of the Cyberpolice Department, with the support of the Ministry of Digital Transformation of Ukraine, participate in online meetings of the Center for Artificial Intelligence and Robotics of the UN Interregional Crime and Justice Research Institute (UNICRI) on the use of artificial intelligence "AI for Safer Children Global Hub" to combat the sexual exploitation of children in Internet, including with the participation of the American platform Griffeye Inc. on artificial intelligence-based technologies for the police, where they take training courses on the use of artificial intelligence.

In the area of protecting children from sexual abuse and exploitation, the CyberPolice Department is working with the Arachnid project, which provides new opportunities for accelerated removal of child sexual abuse materials. Arachnid is a platform that scans a thousand pages per second and actively detects child sexual abuse materials and issues notifications to hosting providers demanding immediate removal of the content.

To help identify and apprehend users who possess images of child sexual exploitation, the Cyber Police Department uses the Windows file-sharing client "eMule" (an improved version of RoundUp eMule), as well as the Internet resource "<https://www.icaccops.com>" containing information about IP addresses from which child pornography is distributed in real time, indicating the country and city of distribution, access to which is provided only to authorised users.

As for today, Ukraine has partially implemented the provisions of Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011, on combating sexual abuse and sexual exploitation of children and child pornography.

In order to strengthen counteracting human trafficking several pieces of legislation were drafted, namely the draft law "On amendments to the Criminal Code of Ukraine on strengthening criminal liability for human trafficking" registered under No. 5134 as of 22 February 2021, (included in the agenda by the Resolution of the Verkhovna Rada of Ukraine No. 3562-IX of 6 February 2024) as well as the draft Law of Ukraine "On amendments to Article 149 of the Criminal Code of Ukraine on ensuring harmonisation of criminal legislation with the provisions of international law concerning the regulation of criminal liability for human trafficking", reg. No. 5134-1 as of 9 March 2021 (included in the agenda by the Resolution of the Verkhovna Rada of Ukraine No. 3562-IX dated 6 February 2024).

Strategy on Organised Crime Combating is being implemented according to the Action Plan adopted by the Regulation of the Cabinet of Ministers No. 850 of 27 September 2022. The Ministry of Internal Affairs continues to fulfil the function of a National Coordinator until a Permanent National Coordinator will be appointed which needs the amendments to be adopted to the Law of Ukraine “On Institutional and Legal Base for Fighting Organised Crime”.

• *Strategies and action plans on the fight against organised and serious crime (including whether the country has a national SOCTA to guide its operational activities).*

The resolution of the Cabinet of Ministers of Ukraine "On some issues of introducing the SOCTA Ukraine assessment system into the activities of state authorities" No. 59 of 26 January 2022 was adopted.

On 22 June 2023, the order of the Ministry of Internal Affairs No. 513 approved the registration card form "Organised group and/or criminal organisation, criminal community" and the registration card form "Spheres of criminal activity".

On 2 November 2023, the Interdepartmental Working Group for Coordination of Implementation of the SOCTA Ukraine Assessment System of Central Executive Authorities approved the Methodology for Assessing Threats of Serious and/or Organized Crime in Ukraine (SOCTA Ukraine).

On 13 November 2023 the order of the Ministry of Internal Affairs of Ukraine No. 919 established and approved the personnel of the interdepartmental analytical group for the assessment of organised crime threats and serious crimes according to the SOCTA Ukraine assessment system.

The implementation of the assessment of serious and organised crime according to the methodology of the European Police Office SOCTA Ukraine was carried out in three stages: preparatory (organisational and methodical, primary collection of information, processing and entering data into the information subsystem "SOCTA" (hereinafter - IP "SOCTA")), analysis and evaluation collected data, report preparation.

At the first stage, information was collected and analysed. The appropriate IT solution was initiated and the working project of the "SOCTA" information subsystem of the information and communication system "Information portal of the National Police of Ukraine" was prepared, the test operation was completed.

In November the MIA received information from other LEA (SBI, PGO, SSU, NPU, SBGS). Threat assessment was drafted by the analytical working group. The Report on the Results of Serious and/or Organized Crime Threat Assessment (SOCTA Ukraine), prepared by the analytical group, approved by all the involved authorities and was sent by the Ministry of Internal Affairs of Ukraine on 29 March 2024 to the Cabinet of Ministers of Ukraine, the National Security and Defense Council of Ukraine.

Implementation and enforcement capacity

• *Track records on the number of investigations, indictments and final convictions of persons having committed a crime with the aggravating circumstance that it was committed in the context of a criminal association.*

Due to the organisational and practical measures taken to increase the effectiveness of combating organised crime, in 2023, law enforcement agencies eliminated 494 (395- in the same period last year) criminal groups consisting of 2 103 (1 637) individuals who committed 5 631 (3 295) criminal offences (based on indictments sent to court).

The vast majority of groups were detected by the National Police of Ukraine - 419, which is 85% of the total number.

The SBI units eliminated 39 organised criminal groups, the SSU - 24, the ESBU - 11. Besides 48 interregional organised groups and 13 transnational organised groups were revealed.

The activities of 35 organised groups with corrupt ties, 20 of which operated in government and administration, were terminated. Also, 37 groups that committed crimes in the budget sector were identified. 13 organised groups in the forestry sector were eliminated. 11 criminal groups in the field of land relations were exposed.

During January-March 2024, law enforcement agencies eliminated 257 criminal groups (including 28 criminal organisations), which, consisting of 1 151 people, committed 3 034 criminal offences.

The majority of proceedings on organised groups and criminal organisations were investigated by the investigative units of the National Police of Ukraine - 210, or 82% of the total number. The ESBU terminated the activities of 14 groups. The SBI units investigated and submitted indictments against 21 criminal groups to the court.

17 criminal groups with corrupt ties were neutralised, including 8 operating in government and administration. Also, 17 groups that committed crimes in the budget sector were exposed. The activities of 6 transnational criminal groups were also terminated.

Constant attention is paid to combating illegal logging, and 6 criminal groups in this category were neutralised.

5 criminal groups in the field of land law relations were exposed.

In view of the crime situation in the country, the state takes constant measures to combat organised crimes committed with the use of weapons, ammunition and explosives. Indictments on 18 criminal offences of this category have been submitted to the court.

International police co-operation

Participation in JITs

Joint investigation teams are widely used as a form of international legal cooperation.

As of 8 April 2024, the Office of Prosecutor General concluded 34 agreements on the establishment of joint investigative teams with the competent authorities of foreign countries. Most of them (28) - with EU Member States under coordination of the European Organization for Justice (Eurojust).

Most often, JITs were created to coordinate investigations into fraud, including fraud involving the Internet and cybercrime (15 JITs); white-collar crimes (4 JITs); war crimes and other crimes related to Russia's armed aggression against Ukraine (3 JITs); illegal migration (3 JITs); and trafficking in narcotic drugs and psychotropic substances (3 JITs).

Within the reporting period representatives of the prosecution and law enforcement agencies of Ukraine participated in 53 coordination meetings organized by Eurojust to discuss the establishment and operation of the JITs.

An important form of cooperation in the context of investigating war crimes and other international crimes is the Joint Investigation Team "Ukraine Case", which was established on 25 March 2022 by Ukraine (the Office of Prosecutor General), the Republic of Lithuania and the Republic of Poland to ensure a coordinated investigation of the crime of aggression, violations of the laws and customs of war by Russia and the commission of other war crimes. Subsequently, Estonia, Latvia, Slovakia and Romania joined the JIT as parties, as well as Eurojust, the Office of the Prosecutor of the International Criminal Court and Europol as participants. Since the establishment of the JIT, the scope of its investigation has been expanded to include the crime of genocide and crimes against humanity; the parties have established the International Center for the Prosecution of Crimes of Aggression against Ukraine which aims to bring to justice the political and military leadership of the Russian Federation; the term of the JIT has been extended until 25 March 2026.

Participation in EMPACT

In 2023, the structural units of the National Police of Ukraine participated in 122 Operation actions of 15 EMPACT Operational Plans.

Within the framework of Operational Action 2.8 (Organised criminal groups from Ukraine, Moldova and other Russian-speaking regions) of the Operational Plan on High-risk criminal networks, the Strategic Investigations Department participated as a co-leader of this activity.

In 2024-2025, the National Police and Economic Security Bureau of Ukraine plan to participate in 223 Operation actions of 15 EMPACT Operational Plans.

Within the framework of Operational Action 2.8 (russian networks) of the Operational Plan on High-risk criminal networks, the Strategic Investigations Department will participate as a co-leader of this activity.

In 2024 the National Police of Ukraine will participate in 15 Operation Action Plans (OAP) and in 223 Operation Actions within the following OAP:

- High-risk criminal structures;
- Cyber attacks;
- Trafficking in human beings;
- Child sexual exploitation;
- Migrants smuggling;
- Cannabis, cocaine and heroin;
- Synthetic drugs and new psychotropic substances;
- Online fraud schemes;
- Excise fraud;
- Criminal finances, money laundering and asset recovery;
- Intellectual property crime, counterfeiting of goods and currencies;
- Organised property crime;
- Environmental crime;
- Firearms trafficking.

Cooperation with Europol

In terms of the number of processed documents, the most intensive cooperation was with law enforcement agencies of Germany (1 781 requests), Poland (1 623 requests), the Czech Republic (1 079 requests), France (954 requests), Hungary (911 requests), Latvia (792 requests), Slovakia (722 requests), Lithuania (721 requests), and Spain (708 requests).

In particular, in the following categories:

- fraud – 2 781 requests;
- money laundering – 2 435 requests;
- organised crime – 1 667 requests;
- illegal migration – 1 564 requests;
- crimes against humanity – 1 543 requests;
- corruption – 1 507 requests;
- computer crimes – 1 328 requests.

National Police of Ukraine continues to cooperate with the EUROPOL Analysis Project on Core International Crimes (AP CIC) to support Ukrainian law enforcement agencies in investigating war crimes committed by the Russian Federation against Ukraine.

As a part of the international cooperation, the Criminal Investigation Department of the NPU plans to continue participating in the events for the exchange of experience, trainings, educational programs at the invitation of SEESAC (Coordinating Center of South-Eastern and Eastern Europe for the Control of Small Arms and Light Weapons), EMPACT (European Multidisciplinary Platform against criminal threats), FRONTEX (European Border and Coast Guard Agency), EUBAM (European Union Border Assistance Mission to Moldova and Ukraine) and other international partners in order to continue cooperation in the field of combating the illegal possession and trade of firearms and other SALW.

In July 2024, the Head of the National Police of Ukraine participated in an online meeting of the European Union's Standing Committee on Operational Cooperation on Internal Security (COSI) to discuss the issue of illegal firearms trafficking, as well as the possible and potential impact on this threat, taking into account the impact of the armed aggression of the Russian Federation on the territory of Ukraine.

In the period from July 12 to 14, 2023, a visit to Ukraine by representatives of FRONTEX (European Border and Coast Guard Agency), the European Commission, law enforcement agencies of the Republic of Moldova and EMPACT (illegal firearms trafficking) was organized with representatives of law enforcement agencies which, according to their competence, counteract crimes, related to illegal firearms trafficking.

In August-September 2023 representatives of the NPU joined online meetings held to discuss EMPACT's plans for 2024-2025.

Representatives of the NPU took part in training in the field of national firearms focal points within the framework of the TOPCOP mentoring program, which was launched to develop the capacity and enhance the effectiveness of cooperation between the European Union and the Eastern Neighborhood countries in ensuring a comprehensive approach to firearms control.

The Head of the National Police took part in the European Convention of Chiefs of Police, which took place on September 26-27 at Europol headquarters.

From November 13 to 18, 2024 a representative of the NPU participated in the work of the Central Operational Command Center in Skopje (Republic of North Macedonia), and the work of the National Coordination Station based at the Department of International Police Cooperation of the NPU was organized to implement Operational Plan 8.1 within the framework of the European Multidisciplinary Platform Against Criminal Threats (EMPACT) on firearms during the operational phase, namely the Days of Joint Operations 2023.

Cooperation with CEPOL

Representatives of the NPU participate in the implementation of list of actions to counter firearms and other small arms and light weapons (SALW) diversion in the context of Russia's war of aggression against Ukraine with the assistance of the European Union Agency for the Training of Law Enforcement Bodies (CEPOL) and the "Training and operational partnership against organised crime" (TOPCOP) Project "The mentoring program is ongoing» CEPOL TOPCOP in the field of the activity of the National Contact Points on Firearms.

During 2023, employees of the National Police of Ukraine attended 54 events within CEPOL.

During 2024, employees of the National Police of Ukraine attended 8 events within CEPOL.

Domestic operational capacity

Within the structure of the Economic Security Bureau of Ukraine, in 2024, the relevant unit was created as part of the detective department, which is responsible for investigating criminal offences by organised groups/organisations within the competence of the Economic Security Bureau of Ukraine.

• Financial investigations conducted systematically (and whether relevant FATF recommendations are fully implemented in this respect)

According to the information received by the State Financial Monitoring Service of Ukraine (SFMS) in 2023 from law enforcement agencies, 101 case referrals are used in 84 criminal proceedings related to crimes committed by organised criminal groups.

In 2023, the SFMS reported on the completion of 10 criminal proceedings in connection with the submission of an indictment to the court against organised criminal groups, which were initiated on the basis of 9 case referrals.

According to the information received by the SFMS from law enforcement agencies in the first quarter of 2024, 14 case referrals are used in 14 criminal proceedings related to crimes committed by organised criminal groups.

In addition, in the first quarter of 2024, the SFMS has reported on the completion of 3 criminal proceedings in connection with the submission of an indictment to the court against organised criminal groups, which were initiated based on 3 case referrals.

• ***Asset confiscation (whether extended, third party, value based or non-conviction based confiscation are applied in practice. Track record of freezing/seizure and final confiscation of criminal assets (number of cases, number of individuals/entities concerned and amount/value of assets. Please use the data communicated by the country in the assets freezing/seizure and asset confiscation tabs of the quantitative overview in the e-platform: <https://organised-crime-corruption-track-record.ec.europa.eu/>.***

According to the information provided by PGO, in the completed criminal proceedings investigated by security authorities, property was seized for confiscation in the amount of UAH 890,260 thousand in the second half of 2023 and UAH 753,699 thousand in the first quarter of 2024.

Also, taking into account the requirements of the Order of the Ministry of Finance of Ukraine No. 504 of 14 September 2021 "On Approval of the List of Indicators of Integrated Administrative Reporting", registered with the Ministry of Justice of Ukraine on 19 November 2021 under No. 1519/37141, the Order of the Prosecutor General No. 110 of 29 June 2022 approved and put into force the reporting in the form No. 1-LTF "Report on the results of the investigation of criminal proceedings on criminal offences of legalisation (laundering) of the proceeds of crime, terrorist financing, proliferation of weapons of mass destruction". It will be formed annually by the prosecutor's office starting from January 2023 on the basis of information entered into the Unified Register of Pre-trial Investigations.

Thus, according to the information set out in the said report, in 2023, the pre-trial investigation authorities had 2 468 cases registered under Article 209 of the Criminal Code of Ukraine, including 267 cases investigated autonomously (without a registered predicate offence). Out of the total number of investigated criminal cases related to this category of offences, 460 criminal offences were sent to court with indictments, including 9 under Article 209 of the Criminal Code of Ukraine autonomously (without a registered predicate offence).

• ***Thematic sections with focus on situation on the ground on:***

○ ***Trafficking in human beings for sexual or labour exploitation (or other forms) number of victims detected, number of investigations, indictments and final convictions (for the part in bold please use the data communicated by the country in the THB tab of the quantitative overview in the e-platform: <https://organised-crime-corruption-track-record.ec.europa.eu/>). There should be the number of cases and the number of individuals/legal entities involved. Any new developments related to the strategy/Action plan (in line with the EU strategy/action plan).***

According to the Information of PGO, in 2023, law enforcement agencies eliminated 3 organised groups in the field of human trafficking consisting of 14 individuals who committed 24 criminal offences (Dnipro, Odesa and Chernihiv regions) based on indictments sent to court.

In 2023, the National Social Service of Ukraine provided the status of a victim of human trafficking to 118 citizens of Ukraine (47 women, 53 men, 9 boys and 9 girls) including 22 individuals who suffered from labour exploitation, 11 individuals who suffered from sexual exploitation, 1 individual who was forcibly involved in begging, 17 individuals who were involved in criminal activities, 2 children sold and 55 individuals who were used in armed conflicts. The main destination countries are Ukraine, the Russian Federation, the French Republic and the Federal Republic of Germany.

During the period from 1 January – 29 March 2024 the National Social Service provided the status of a victim of human trafficking to 43 citizens of Ukraine, including 10 women and 33 men. According to the types of exploitation, 4 people suffered from labor exploitation, 1 person – from sexual exploitation, 1 – from forced involvement in begging, 3 people were involved in criminal activities, and 12 people were used in armed conflicts. The main countries of destination are Ukraine and the Russian Federation.

○ ***SALW seized, destroyed and number of investigations, indictments, and final convictions for arms related offenses – for the part in bold, please use the data communicated by the country in the firearms tab of the quantitative overview in the e-platform: <https://organised-crime-corruption-track-record.ec.europa.eu>. There should be the number of cases and the number of individuals/legal entities involved. Whether there are specific rules in place for marking imported weapons. Whether there is a strategy/AP in line with the EU SALW AP. (mention if there are new developments)***

There is no SALW Strategy in Ukraine. But there are certain steps taken to fulfil the recommendations. MIA has developed and approved an Action Plan to implement a list of joint actions proposed by the EU to counter firearms and other small arms and light weapons (SALW) diversion in the context of Russia's war of aggression against Ukraine. NPU has been regularly transferring the data on lost, stolen and seized weapons to Europol, participates in the implementation of EMPACT operational plans, completes the preparation of the terms of reference task for filling the Interpol iArms database with information, and also noted the readiness to enter information into the Schengen information system, while the implementation of this step requires agreements with EU member states.

From 23 June 2023 the Unified Register of Weapons has been operational, in which five electronic offices have been created (for citizen, police officer, business entity, forensic expert service and the licensing authority).

At the same time measures are being taken to establish Firearms Focal point and the Coordination Commission of SALW.

According to the information based on «Unified report on criminal offences for January-December 2023» provided on the official website of the Office of the Prosecutor General of Ukraine, total number of criminal offences:

58 – under Art. 262 Theft, misappropriation, extortion of firearms, ammunition, explosives or radioactive materials or their acquisition by fraud or abuse of office;

5582 – under Art. 263 Illegal handling of weapons, ammunition or explosives, Art. 263;

163 – under Art. 263-1 Illegal manufacture, alteration or repair of firearms or falsification, illegal removal or alteration of their markings, or illegal manufacture of ammunition, explosives or explosive devices;

12 – under Art. 264 Negligent storage of firearms or ammunition;

229 – under Art. 410 Stealing, misappropriation, extortion by a serviceman of weapons, ammunition, explosives or other munitions, vehicles, military and special equipment or other military property, as well as their acquisition by fraud or abuse of office;

337 – under Art. 414 Violation of the rules for handling weapons, as well as substances and objects that pose a high risk to the environment.

Total criminal proceedings committed with the use of weapons and ammunition – 30915.

According to the information based on the «Unified report on criminal offences for January-March 2024» provided on the official web site of the Office of the Prosecutor General of Ukraine, total number of criminal offences:

17 – under Art. 262 Theft, misappropriation, extortion of firearms, ammunition, explosives or radioactive materials or their acquisition by fraud or abuse of office;

2063 – under Art. 263 Illegal handling of weapons, ammunition or explosives, Art. 263;

47 – under Art. 263-1 Illegal manufacture, alteration or repair of firearms or falsification, illegal removal or alteration of their markings, or illegal manufacture of ammunition, explosives or explosive devices;

2 – under Art. 264 Negligent storage of firearms or ammunition;

65 – under Art. 410 Stealing, misappropriation, extortion by a serviceman of weapons, ammunition, explosives or other munitions, vehicles, military and special equipment or other military property, as well as their acquisition by fraud or abuse of office;

74 – under Art. 414 Violation of the rules for handling weapons, as well as substances and objects that pose a high risk to the environment.

Total criminal proceedings committed with the use of weapons and ammunition – 3861.

In 2023, **the National Police of Ukraine** seized from illicit trafficking: 1 567 automatic weapons, 997 rifled weapons, 1 041 converted firearms, 642 other firearms and 921 grenade launchers, as well as 17 815 grenades, about 2,935 kg of explosives and more than 1,8 million rounds of ammunition.

In 2023, a total of 4 840 criminal offences under the Part 1 of the Articles 263 and 263-1 of the Criminal Code of Ukraine were registered across the country. For committing such crimes 4,110 individuals were served a notice of suspicion.

In 2023, 3 625 persons were served a notice of suspicion of committing criminal offences under the Part 1 of the Art. 263, 263-1 of the Criminal Code of Ukraine.

During 2023, the pre-trial investigations were completed in 4 194 criminal offences, of which 3 169 were sent to the court with an indictment.

Since the beginning of 2024, the NPU seized from illicit trafficking: 452 automatic weapons, 255 rifled weapons, 199 converted into firearms, 243 other firearms and 189 grenade launchers, in addition to 3 582 grenades, about 909 kg of explosives and more than 384 thousand rounds of ammunition.

In the first 3 months of 2024, a total of 1.805 criminal offences under the Part 1 of the Articles 263 and 263-1 of the Criminal Code of Ukraine were registered in the country. For these crimes 1 140 individuals were served a notice of suspicion. The solving rate of such crimes is 63,2 %.

Since the beginning of 2024, 1 054 people have been served a notice of suspicion of committing criminal offences under the Part 1 of the Art. 263, 263-1 of the Criminal Code of Ukraine.

During 3 months of 2024, the pre-trial investigations were completed in 1 081 criminal offences, of which 862 were sent to the court with an indictment.

In 2023, the **Security Service of Ukraine** (SSU) units seized from illicit trafficking: small arms - 6 231 units; ammunition of various calibres - 1 813 972 units; hand grenades - 4 851 units; regular munitions - 27 041 units; explosives - 1,992 kg; improvised explosive devices - 7 units; radioactive materials - 55 kg; chemical and biological materials - 10,25 kg. Based on the SSU materials, the investigating authorities initiated 992 criminal proceedings under Art. 263 of the Criminal Code of Ukraine.

Since the beginning of 2024, the SSU bodies and units seized from illicit trafficking: small arms - 482 units; ammunition of various calibres - 2 990 930 units; hand grenades - 3 890 units; regular munitions - 12 224 units; explosives - 602 kg; improvised explosive devices - 8 units; chemical and biological materials - 806 kg. Based on the SSU materials, the investigating authorities initiated 340 criminal proceedings under Art. 263 of the Criminal Code of Ukraine.

In 2023, the **State Bureau of Investigation (SBI)** seized the following items as part of the investigation of criminal proceedings within its competence: firearms – 38 items, grenade launchers and rocket launchers – 2 items, ammunition – 17 057 rounds, grenades – 49 items, mines – 1 item, cold weapons – 18 items, explosives – 26 kg.

In the first quarter 2024, the following items were seized: firearms – 54 items, grenade launchers and rocket launchers – 7 items, ammunition – 17 814 rounds, grenades – 11 items, cold weapon – 1 item, explosives – 1 kg.

○ *Cybercrime, including online child sexual abuse and measures to control the Darknet. Number of investigations, indictments and final convictions for cybercrimes (please use the data communicated by the country in the firearms tab of the quantitative overview in the e-platform: <https://organised-crime-corruption-track-record.ec.europa.eu>). There should be the number of cases and the number of individuals/legal entities involved. Whether there is a new strategy/action plan. Signing/ratification of Budapest convention and the Second Additional Protocol. Number of reported cyber-attacks against public and private institutions & infrastructure and whether they have been prosecuted at national level.*

In 2006, Ukraine ratified the Budapest Convention on **Cybercrime**. Ukraine ratified the First Additional Protocol to the Convention on Cybercrime and signed the Second Additional Protocol on Enhanced Cooperation and Disclosure of Electronic Evidence in November 2022 which is not ratified yet.

In 2023, based on the materials of the migration police units of the **National Police of Ukraine**, the Unified Register of Pre-trial Investigations registered 463 criminal offences under Art. 301-1 (Gaining access to child pornography, its acquisition, storage, importation, transportation or other movement, production, sale and distribution) of the Criminal Code of Ukraine, 80 people were notified of suspicion in 450 offences of this category and 436 indictments were sent to court.

During the 1st quarter of 2024, 192 criminal offences were registered in the Unified Register of Pre-trial Investigations under Art. 301-1, 27 people were notified of suspicion in 188 offences of this category and indictments were sent to court in 119 cases.

○ ***Criminalisation and investigation of money laundering (other aspects of anti-money laundering is covered under CH 4). Here the focus should be on the track record (e.g., prosecuting ML as a stand-alone crime (please indicate the number of investigations, indictments and final convictions in money laundering (number of cases and number of individuals/legal entities involved – please use the data communicated by the country in the money laundering tab of the quantitative overview in the e-platform: <https://organised-crime-corruption-track-record.ec.europa.eu/>; there should be the number of cases and the number of individuals/legal entities involved.), the capacity of law enforcement and prosecution to effectively investigate ML cases etc..) and the link with organised crime. You can mention MONEYVAL recommendations and FATF grey listing but details are to be put in CH 4. A clear cross reference to CH 4 is needed.***

According to the information based on the «Unified report on criminal offences for January-December **2023**» on the web site of the Office of the Prosecutor General of Ukraine, total number of criminal offence:

969 – under Art. 209 Legalisation (laundering) of the proceeds of crime;

2 – under Art. 209-1 Intentional violation of the requirements of the legislation on prevention and counteraction to legalisation (laundering) of proceeds of crime, financing of terrorism and financing of proliferation of weapons of mass destruction.

According to the information provided in the report of the Office of the Prosecutor General of Ukraine «Unified report on criminal offences for January-March 2024» total number of criminal offence:

288 – under Art. 209 Legalisation (laundering) of the proceeds of crime;

2 – under Art. 209-1 Intentional violation of the requirements of the legislation on prevention and counteraction to legalisation (laundering) of proceeds of crime, financing of terrorism and financing of proliferation of weapons of mass destruction.

○ ***Witness protection, capacity to effectively protect people (if there are developments to report)***

In accordance with the order of the Prosecutor General No. 103 of 11 April 2023 "On the organisation of the work of the prosecutor's office on issues of support for victims and witnesses of war and other international crimes", a specialised independent unit - the **Coordination Center for Victim and Witness Support** - was created within the structure of the Prosecutor General's Office. Since 1 January 2024, the coordinators of the centre have provided support to 232 victims, 179 of them are children.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

Implementation and enforcement capacity

Pursuant to the Procedure for Electronic Information Interaction of the State Judicial Administration of Ukraine, the Ministry of Internal Affairs of Ukraine and central executive authorities, whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Internal Affairs of Ukraine, approved by the joint order of the SJA of Ukraine and the Ministry of Internal Affairs of Ukraine № 382/840EIV of 19 November 2021, Protocol No. 2 of 7 March 2024 was signed between the State Judicial Administration and the Ministry of Internal Affairs of Ukraine regarding the access of courts to the Unified State Register of Vehicles.

Joint order of the State Judicial Administration and the National Police of Ukraine No. 548/1105 of 28 November 2023 was approved and introduced a pilot project on the exchange of procedural documents in electronic form between territorial (separate) units of the territorial bodies of the National Police of Ukraine and local general courts.

Regarding e-case management system

The Office of the Prosecutor General takes measures aimed at reforming, digitising and improving the mechanisms for organising the activities of the prosecution authorities in order to increase their institutional capacity and productivity.

Thus, the Office of the Prosecutor General cooperates with international partners to conduct a functional analysis of the processes to improve the efficiency of the prosecution authorities of Ukraine. Based on the results of this analysis, the recommendations as to system changes will be developed for the purpose of improving the structure and functioning of the prosecution authorities.

In addition, the Office of the Prosecutor General has established a working group on digital transformation of the processes of organising the work of the prosecution and pre-trial investigation bodies (hereinafter - the working group). The working group has developed a concept and approved the terms of reference for the SMEREKA system on investigation, escalation, control and analysis management.

Currently, within the framework of the project “European Union Support for the Digital Transformation of Ukraine” funded by the European Union, based on the results of tender procedures for the procurement of services for the creation of the relevant software, preparations for the implementation of this system are underway.

The system aims to improve the analysis of criminal proceedings and standardise procedural documents, which will significantly expand the ability of the Ukrainian prosecution authorities to collect, process, and systematise information

and data. Technical documentation is currently being developed for further regulatory consolidation.

Information on anti-corruption mainstreaming

Chapter 24 - Justice, Freedom and Security: reference to anti-corruption with respect to the institutional set-up and specialisation of units/courts dealing with organised crime and high-level corruption cases, and anti-money laundering. There is also a reference to anti-corruption in the international cooperation section, for transitional/cross-border fight against corruption.

1. Institutional set-up and specialisation of units/courts dealing with high-level corruption cases

In Ukraine, pre-trial investigation in cases of high and highest level corruption, as it follows from the content of Art. 216 of the Criminal Procedure Code of Ukraine, authorised to be carried out by the National Anti-Corruption Bureau of Ukraine (NABU). In such cases procedural guidance in pre-trial investigation as well as public accusation are provided by public prosecutors of the Specialized Anti-Corruption Prosecutor's Office (SAPO). Also, there is a specialised court that hears a select scope of corruption offences. The High Anti-Corruption Court has jurisdiction over criminal proceedings in high-level corruption cases investigated by detectives of the NABU.

Increasing institutional capacity of mentioned authorities is designated as one of the priorities of the Anti-Corruption Strategy for 2021-2025 and the State Anti-Corruption Programme for 2023-2025. A separate direction of a Programme - 3.3. Criminal liability, identify the following key problems in this regard:

- Problem 3.3.2. Poor efficiency and quality of pre-trial investigation of corruption and corruption-related criminal offences (a significant number of such proceedings last for years) is due to excessive complexity of certain procedural formalities;

- Problem 3.3.4. The overall progress of court hearings involving corruption and corruption-related criminal offences is slow. There is no established practice of consideration of criminal proceedings in this category. There are numerous cases of abuse of procedural rights by litigants.

To resolve mentioned problems the Programme prescribes the following *expected strategic results*:

- Expected strategic result 3.3.2.3. The guarantees of institutional and operational independence of the National Anticorruption Bureau and the Specialized Anticorruption Prosecutor's Office are properly defined and implemented in practice, particularly by:

clarifying the legislative provisions on the status of the National Anticorruption Bureau of Ukraine within the system of executive authorities (while maintaining the

existing guarantees of independence), as well as the entity appointing and dismissing the Director of the National Anticorruption Bureau of Ukraine in accordance with the Ruling of the Constitutional Court of Ukraine No. 9-r/2020;

conducting an independent evaluation (audit) of the performance of the National Anticorruption Bureau and the Specialized Anticorruption Prosecutor's Office with the involvement of independent experts.

- Expected strategic result 3.3.2.4. The National Anticorruption Bureau of Ukraine and the Specialized Anticorruption Prosecutor's Office are effectively performing their tasks, among other things through:

clarification of legislative provisions on the conclusion of plea agreements in criminal proceedings involving corruption or corruption-related crimes;

ensuring the practical observance of the rules of jurisdiction and holding the prosecutors in breach of such rules accountable;

continued optimization of internal workflows and full-fledged implementation of the electronic criminal proceeding system.

- Expected strategic result 3.3.2.5. Effective cooperation has been established among the National Anticorruption Bureau of Ukraine, the Specialized Anticorruption Prosecutor's Office, and other government agencies (primarily pretrial investigation authorities, prosecutorial agencies, the National Agency of Corruption Prevention, ARMA, and the State Financial Monitoring Service).

The content of the measures in the Direction 3.3 and information on the progress of their implementation as of 31 December 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/direction/16/table/>

2. Anti-money laundering

The State Anti-Corruption Programme for 2023-2025 identifies as a key problem in the sector of anti-money laundering the following: problem 3.3.3. The legislation governing the activity of the Asset Recovery and Management Agency (ARMA) contains numerous gaps and corruption risks. Low effectiveness of the processes of transferring assets to ARMA for management to preserve their economic value, as well as the processes of combating and preventing money laundering.

The Programme prescribes the following expected strategic results with regard to anti-money laundering sector:

- expected strategic result 3.3.3.10. Cases of money laundering and assets obtained through corruption are detected and duly document owing to the effective work of the State Financial Monitoring Service and the regulatory framework governing its cooperation with the National Agency of Corruption Prevention, the National Anticorruption Bureau, the Specialized Anticorruption Prosecutor's Office, ARMA, and other government agencies.

- expected strategic result 3.3.3.11. Measures to prevent the laundering of money obtained through corruption are determined based on the results of risk assessment and are duly implemented. FATF recommendations are being consistently implemented.

The content of the measures addressed to achieve these expected strategic results and information on the progress of their implementation as of December 31, 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/problem/73/table/>.

Information of the National Police of Ukraine regarding illegal actions committed by police officers during 2023-2024

Within the period of 2023, based on the facts of illegal actions committed by police officers, according to the materials of the internal security units of NPU, 686 criminal proceedings were initiated, among them 141 criminal proceedings were based on the fact of extortion of illegal benefits, 38 criminal proceedings – on the fact of involved police officers in illegal drug trafficking, 23 – on facts of illicit trafficking in weapons and ammunition. Today, 498 police officers were notified of suspicion by pre-trial investigation bodies, among them 47 were charged with extortion, 17 – with illegal drug trafficking, and 14 – with illicit trafficking in weapons and ammunition.

During 2024, based on the facts of illegal actions committed by police officers, according to the materials of the internal security units of NPU, 160 criminal proceedings were initiated, among them 50 proceedings were based on the fact of extortion of illegal benefits, 14 – on the fact of involved police officers in illegal drug trafficking, 2 were based on the fact of illicit trafficking in weapons and ammunition. Today, 89 police officers were notified of suspicion by pre-trial investigation bodies, among them 14 were charged with extortion, 5 – with illegal drug trafficking, and 1 – with illicit trafficking in weapons and ammunition.

Information on measures taken by the Ministry of Internal Affairs to implement the anti-corruption policy

One of the tasks of the Ministry of Internal Affairs of Ukraine (MIA) is introduction of a systematic approach in the field of corruption prevention, the organization of work on managing corruption risks in the MIA and its territorial bodies, coordination of anti-corruption activities of subordinate institutions, as well as the National Guard and central executive bodies functioning under the control of the Minister of Internal Affairs, implementation of methodical and advisory work.

According to the Resolution of the Cabinet of Ministers of Ukraine dated March 4, 2023 No. 220 "On the Approval of the State Anti-Corruption Program for 2023-2025", in April 2023 the MIA made amendments to the Anti-Corruption Program of the Ministry of Internal Affairs for 2023-2025 adopted by the order of the Ministry of Internal Affairs dated February 28, 2023 No. 136.

In order to determine the probability of committing corruption and corruption-related offenses by employees of the MIA and to establish the causes, conditions and consequences of the possible commission of such offenses in accordance with the resolution of the Minister of Internal Affairs of Ukraine dated November 15, 2023 No. 165/18 “On assessment of corruption risks in the system of the Ministry of Internal Affairs” during the period from December 2023 till January 2024, a self-assessment of corruption risks was carried out in the Ministry of Internal Affairs.

As a result of the corruption risk assessment there were identified 5 corruption risks and developed 5 measures to influence these corruption risks. The results of identification of corruption risks, as well as measures of influence on the corruption risks are included in the register of risks (Appendix 2 to the Anti-corruption program of the Ministry of Internal Affairs for 2023-2025) in accordance with the order of the Ministry of Internal Affairs dated February 29, 2024 No. 134.

In 2023, the MIA together with its higher education institutions held 18 anti-corruption trainings, which covered 7,127 employees of the MIA system, in the first quarter of 2024 - 4 anti-corruption trainings, which covered 2,753 employees of the MIA system.

In addition, the MIA introduced briefings on the main provisions of anti-corruption legislation (restrictions, prohibitions), as well as rules of ethical behavior for newly appointed employees of the MIA. Such briefings were provided for 382 newly appointed employees in 2023, and 34 briefings – in the first quarter of 2024.

An additional communication channel has been introduced for receiving notifications about possible facts of corruption or corruption-related offenses, other violations of the Law of Ukraine "On Prevention of Corruption" using a Telegram bot.

During 2023, 83 messages sent to the e-mail anticor@mvs.gov.ua and 148 citizens' requests about possible violations of anti-corruption legislation were processed. In the first quarter of 2024, 24 such messages and 23 citizens' requests about possible violations of anti-corruption legislation were processed.

During 2023 and the first quarter of 2024 there were no cases of prosecution of employees of the Ministry of Internal Affairs or Main Service Centre of the Ministry of Internal Affairs (either criminal, administrative or disciplinary) for violating the requirements of anti-corruption legislation.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ adopt a time-bound and measurable action plan for the implementation of the overarching strategic plan on law enforcement reform, including a strong anti-

corruption component, taking the war-related context into account, and make tangible progress in implementing it

The Action Plan for the Implementation of the Overarching Strategic Plan for the Reforming Law Enforcement Agencies as Part of the Security and Defense Sector of Ukraine for 2023-2027 was drafted by the Interagency Working Group coordinated by the Office of the Prosecutor General of Ukraine and was approved on 15 March 2024, at a meeting of the mentioned Working Group. The above-mentioned Action Plan has now been submitted for procedural approval by the relevant state authorities.

→ adopt and implement a context-adjusted migration policy strategy and revised integrated border management strategy, and ensure that corresponding action plans have indicators that allow for the proper assessment of implementation

The Order of the Cabinet of Ministers of Ukraine No. 43 of 19 January 2024 amended the Strategy of the State Migration Policy of Ukraine for the period until 2025, approved by the Decree of the Cabinet of Ministers of Ukraine No. 482 of 12 July 2017. The specified changes are aimed at bringing the provisions of the Strategy to today's conditions and supplementing it with new goals. The Action Plan for implementation of the Strategy has been drafted and sent to the Cabinet of Ministers and relevant state authorities for approval.

By the Order of the Cabinet of Ministers of Ukraine No. 660-r of 21 July 2023 IBM Strategy the period until 2025 was amended, taking into account granting Ukraine a candidate status. The Action Plan for 2023-2025 for the implementation of the Integrated Border Management Strategy was approved by the Order of the Cabinet of Ministers of Ukraine No. 1212 of 27 December 2023.

→ adopt and start implementing legislation to criminalise the large-scale smuggling of goods, including effective prison sentences for damage to the state budget above a certain threshold

The relevant amendments to Ukrainian legislation aimed at criminalising large-scale smuggling of goods were introduced by the Law of Ukraine "On Amendments to the Criminal Code and the Code of Criminal Procedure of Ukraine on Criminalization of Smuggling of Goods" No. 3513-IX of 9 December 2023 which entered into force on 1 January 2024.

Paragraphs 19 - 26 of sub clause 1 of clause 1 of this Law, which supplement the Criminal Code of Ukraine with Article 201-3 on smuggling of goods, including large-scale smuggling, shall enter into force on 1 July 2024.

→ develop and adopt the national SOCTA and strengthen the institutional capacities to implement it, including intelligence-led policing, open-source intelligence, information management and analysis, inter-agency cooperation; establish a permanent national coordinator to fight organised crime

The resolution of the Cabinet of Ministers of Ukraine "On some issues of introducing the SOCTA Ukraine assessment system into the activities of state authorities" No. 59 of 26 January 2022 was adopted.

On 22 June 2023, the order of the Ministry of Internal Affairs No. 513 approved the registration card form "Organised group and/or criminal organisation, criminal community" and the registration card form "Spheres of criminal activity".

On 2 November 2023, the Interdepartmental Working Group for Coordination of Implementation of the SOCTA Ukraine Assessment System of Central Executive Authorities approved the Methodology for Assessing Threats of Serious and/or Organized Crime in Ukraine (SOCTA Ukraine).

On 13 November 2023 the order of the Ministry of Internal Affairs of Ukraine No. 919 established and approved the personnel of the interdepartmental analytical group for the assessment of organised crime threats and serious crimes according to the SOCTA Ukraine assessment system.

The implementation of the assessment of serious and organised crime according to the methodology of the European Police Office SOCTA Ukraine was carried out in three stages: preparatory (organisational and methodical, primary collection of information, processing and entering data into the information subsystem "SOCTA" (hereinafter - IP "SOCTA")), analysis and evaluation collected data, report preparation.

At the first stage, information was collected and analysed. The appropriate IT solution was initiated and the working project of the "SOCTA" information subsystem of the information and communication system "Information portal of the National Police of Ukraine" was prepared, the test operation was completed.

In November the MIA received information from other law enforcement agencies (SBI, PGO, SSU, NPU, SBGS). Threat assessment was drafted by the analytical working group. The Report on the Results of Serious and/or Organized Crime Threat Assessment (SOCTA Ukraine), prepared by the analytical group, approved by all the involved authorities and was sent by the Ministry of Internal Affairs of Ukraine on March 29, 2024 to the Cabinet of Ministers of Ukraine, the National Security and Defense Council of Ukraine.

→ adopt and start implementing a credible action plan for the implementation of the 2023-2025 asset recovery strategy; improve the legal framework and institutional capacities for financial investigations, asset recovery and management

On 1 August 2023, the Cabinet of Ministers of Ukraine approved the Asset Recovery Strategy for 2023-2025 (hereinafter referred to as the Strategy) developed by ARMA, taking into account proposals from all interested state authorities of Ukraine.

The Strategy defines the course of state policy to implement a comprehensive model for the return of illicit assets to Ukraine by:

- improving the legislation on the recovery of assets derived from crime;
- strengthening the institutional capacity of the state authorities authorised to carry out asset recovery activities;
- strengthening interagency and international cooperation in this area.

At the same time, the Strategy will also serve as a basis for developing mechanisms for paying compensation, reimbursement of losses or damage caused to Ukraine as a result of criminal offences and armed aggression by Russia. Pursuant to point 1 of the Operational Plan of Measures for the Implementation of the Strategy (hereinafter - the Operational Plan), the Regulation on the Interagency Working Group for the Preparation of Proposals for the Implementation of the Asset Recovery Strategy for 2023-2025 was elaborated by ARMA and approved by Resolution of the Cabinet of Ministers of Ukraine No. 1252 of 17 November 2023.

As of today, the process of coordinating positions on the draft regulation with state authorities is underway.

Thus, on 19 March 2024, a coordination meeting was held with the Ministry of Internal Affairs of Ukraine, the Supreme Court, the State Customs Service of Ukraine, the High Anti-Corruption Court of Ukraine, the State Service for Special Communications and Information Protection of Ukraine and the National Bank of Ukraine. Based on the results of the meeting, the minutes of coordination of positions on the draft order are being finalised. Subsequently, the draft order will be submitted to the Government for consideration.

→ enact legislation enabling a competitive, transparent and merit-based selection, including a credible integrity check, of the new Head of the Economic Security Bureau of Ukraine and other staff and carry out the selections based on the improved legislation, introduce a strong integrity and accountability framework

within the Bureau and start applying it

On 11 April 2024 the Verkhovna Rada of Ukraine adopted in the first reading the draft Law of Ukraine "On Amendments to the Law of Ukraine "On the Economic Security Bureau of Ukraine" to improve the operation of the Bureau" (Reg. No. 10439) that aims to improve the legal framework for the Economic Security Bureau of Ukraine.

→ continue improving the legal framework related to firearms and other small arms and light weapons (SALWs), conduct regular threat assessments and continue cooperation between national law enforcement agencies and the military to prevent the illicit possession and trafficking of firearms and other SALWs

To improve legislation in the field of firearms control to align it to the Directive 555/2021 there are certain draft pieces of legislation waiting for the consideration of the Parliament:

“On the Right to Civilian Firearms”, reg. No. 5708 (second reading),

“On Amendments to the Code of Ukraine on Administrative Offences and the Criminal Code of Ukraine to Implement the Provisions of the Law of Ukraine on the Right to Civilian Firearms”, reg. No. 5709 (second reading),

"On Amendments to the Law of Ukraine "On Ensuring the Participation of Civilians in the Defense of Ukraine" on Improving the Procedure for Receiving, Declaring and Handling Firearms" reg. No. 9538 of 28 July 2023 (on 20th March 2024 adopted in the first reading).

"On Amendments to the Criminal Code of Ukraine on Improving Liability for the Illegal Manufacture and Trafficking of Weapons, Components of Firearms, Ammunition, Explosives" reg. No 10179 as of 23 October 2023.

To strengthen the exchange of information on firearms between law enforcement agencies at the national level and to fulfil recommendations, measures are currently being taken to establish a **Coordination Center for Combating Illicit Trafficking in Firearms**, their Parts and Components, and Ammunition in Ukraine.

On 23 June 2023, the **Unified Register of Weapons**, which is a functional subsystem of the Unified Information System (UIS) of the Ministry of Internal Affairs, was launched in Ukraine to automate the registering and control over weapons circulation processes.

At the same time, according to the order of the Ministry of Defense of Ukraine, the Ministry of Internal Affairs of Ukraine, the Security Service of Ukraine, the State Bureau of Investigation No.12/DSK/324/DSK/478/DSK/172/DSK (*with restricted access*) of 30 May 2022 "On Approval of the Procedure for Organizing Cooperation between the Ministry of Defense of Ukraine and Law Enforcement Agencies in

Preventing, Stopping, and Solving Criminal Offences Related to the Theft (Loss), Misappropriation, Extortion of Weapons, Ammunition, Explosives, or Other Ammunition by Servicemen, explosives or other munitions", the units of the National Police of Ukraine enter information about stolen and lost weapons of the Armed Forces of Ukraine into the "Criminal Weapons" subsystem of the National Police Information Portal, and in cooperation with the Military Law Enforcement Service, take urgent measures to find such weapons.

In addition, the Order of the Ministry of Internal Affairs of Ukraine No. 175 of 7 March 2022 "On Approval of the Procedure for Receiving Firearms and Ammunition by Civilians Participating in Repelling and Deterring the Armed Aggression of the Russian Federation and/or Other States" provides for the accounting of weapons of the National Police of Ukraine, which were issued to deter the armed aggression of the Russian Federation, mostly to retired law enforcement officers. All weapons are accounted for in the Arsenal Weapons subsystem of the National Police Information Portal.

Regarding the national registration system and database on SALW, all weapons are currently registered in:

State database "Arsenal" (weapons of the Armed Forces of Ukraine, other military formations, and law enforcement agencies).

"Arsenal Arms" subsystem of the National Police Information Portal (weapons issued during martial law).

the "Registered Weapons" subsystem of the National Police Information Portal (all civilian weapons and weapons of the licensing system).

the "Criminal Weapons" subsystem of the National Police Information Portal (seized, found, stolen and lost weapons, both civilian and military).

Weapons received from foreign partners are registered in the Armed Forces of Ukraine, and all information is subsequently entered into the state database Arsenal.

During a meeting of the Internal Security Dialogue between the European Union and Ukraine on 20 February 2024, participants reiterated the importance for both sides of effectively fighting the illicit trafficking of firearms and other small arms and light weapons (SALW) and the need to mitigate all possible risks in that respect. They noted the significant progress made towards the full implementation of the EU list of 11 actions and the setting up of the Ukrainian National Firearms Focal Point (NFFP) which will be part of an inter-ministerial coordination centre.

Since the beginning of 2024, the Ministry of Internal Affairs of Ukraine has been developing a draft resolution of the Cabinet of Ministers of Ukraine on the establishment of a Coordination Center for Combating Illicit Trafficking in Firearms, Their Parts and Components, and Ammunition.

The Order of the Ministry of Internal Affairs of Ukraine No. 206 of 1 January 2024 approved the updated Plan for the Implementation of the proposed by the EU list of actions to counter firearms and other small arms and light weapons (SALW)

diversion in the context of Russia's war of aggression against Ukraine.

COOPERATION IN THE FIELD OF DRUGS²⁶

Answers to the Guiding Questions

Institutional set-up and legal alignment

• *Whether the legal framework is aligned with the EU acquis, including legislation on New Psychoactive substances (NPS), on establishing a National Early Warning System (NEWS) on NPS and the legal basis for the National Drugs Observatory (NDO)/ National Drug Monitoring center, and legal developments if any.*

The legal framework for the fight against drugs in Ukraine is partially aligned with the EU acquis (no relevant developments during the reporting period).

In accordance with the Resolution of the Cabinet of Ministers of Ukraine of July 10, 2019 No. 689, monitoring of the drug and alcohol situation is carried out by the Center for Mental Health and Drug and Alcohol Monitoring of the Ministry of Health according to the indicators determined by the European Monitoring Center for Drugs and Drug Addiction, UN Commission on Narcotic Drugs, International Drug Control Committee. In accordance with the Procedure for monitoring the drug and alcohol situation in Ukraine, National Police annually submits information within its competence namely on:

- the narcotic drugs or psychotropic substances seized/revealed in Ukraine, during their import, export, transit, availability and sources of narcotic drugs and psychotropic substances (by class, type), crime related to the illegal circulation of psychoactive substances, elimination of illegal laboratories and crops of drug-containing plants;

- on the action taken to prevent and reduce the level of drug use;

- on legal acts adopted in the reporting year on the circulation of narcotic drugs, psychotropic substances and precursors, combating their illegal trafficking as well as other legal documents related to the illegal circulation of narcotic drugs, psychotropic substances, their analogues, precursors;

- on the content of the problem to be solved, the list of entities that are subject to the draft legal acts planned for next year on the circulation of narcotic drugs, psychotropic substances and precursors and combating their illegal circulation in Ukraine;

- cooperation within the framework of the implementation of international agreements/contracts/memorandums in accordance with directions, etc.

²⁶ The data is provided without reference to the E-platform data, which is being updated by the Office of the Prosecutor General following explanatory meetings with the European Commission.

According to the Action Plan to transfer the functions of monitoring the drug and alcohol situation in Ukraine developed based on the order of the Deputy Minister of Health – the Chief State Sanitary Doctor of Ukraine No. DZM/60/8-23 of 7 May 2023, starting from 2024 the State Enterprise “Public Health Center of the Ministry of Health of Ukraine” is responsible for summarizing information and making the Report.

The Ministry of Health is developing amendments to the Resolution No. 689 of 10 July 2019 aimed to authorize the state institution "Public Health Center of the Ministry of Health of Ukraine" to monitor the drug situation in Ukraine.

- ***Institutional set up (prevention and repression), level of cooperation and whether it has an operational NDO as requested by the acquis.***

Starting from 2024 the State Enterprise “Public Health Center of the Ministry of Health of Ukraine” will be responsible for summarizing information and making the Report on drug and alcohol situation.

National Police of Ukraine is assigned to fulfill prevention, detection and investigation of illegal drug trafficking, namely identifies the reasons and conditions that contribute to the commission of criminal and administrative offenses, takes measures to eliminate them, takes measures to reveal criminal and administrative offenses, terminates identified criminal and administrative offenses.

- ***Whether the country has a national drug strategy and action plan that is in line with the EU strategy (2021-2025) and action plan (2021-2025).***

The State Drug Policy Strategy for the period up to 2030 and the action plan for its implementation for 2023-2025 are being developed, but not yet adopted.

The interdepartmental working group has developed a draft Order of the Cabinet of Ministers of Ukraine “On the approval of the State Strategy of Drug Policy for the period up to 2030 and the approval of the action plan for its implementation for 2024-2026 years”. On 20 December 2023 the interdepartmental working group came to the conclusion that Strategic Goal 4 of this Draft Strategy “Counteracting illicit trafficking of narcotic drugs, psychotropic substances, their analogues and precursors, as well as reducing the availability of such drugs and substances in illicit circulation and their timely seizure” and relevant key indicators needs to be reviewed. This conclusion caused the postponing of Strategy adoption. The drafting of the Strategy is still ongoing.

Implementation and enforcement capacity

- ***Track record of confiscated drugs (in-land and at the borders), remarkable trends and statistics (indicate the number of investigations, indictments and final convictions for crimes related to drugs (please use the data communicated by the***

country in the production/trafficking of drugs tab of the quantitative overview in the e-platform: <https://organised-crime-corruption-track-record.ec.europa.eu/>; there should be the number of cases and the number of individuals/legal entities involved.)

Russia's large-scale armed aggression and martial law in the country have had a significant impact on the criminogenic situation in the field of illegal drug trafficking in recent years.

The occupation of territories and active military operations caused a powerful migration of the population both within Ukraine and abroad. This caused the relocation of both drug users and drug dealers, new schemes for the drugs supply and sale, the drug market reorientation, and new organized criminal groups operating in this field.

Information of National Police of Ukraine

In 2023, 38.2 thousand criminal offenses in the field of trafficking in narcotic drugs, psychotropic substances and their analogues were revealed (in 2021 – 28.3 thousand, in 2022 – 33.9 thousand).

The majority of detected offences in this category are criminal offences related to the illegal production, manufacturing, acquisition, storage, transportation or shipment of narcotic drugs, psychotropic substances or their analogues without the intent to sell, 19,828 of which were registered.

Within the pre-trial investigation of 34.5 thousand criminal proceedings, individuals were notified of suspicion (in 2021 – 23.5 thousand and in 2022 – 24.1 thousand).

20.3 thousand individuals who committed the specified crimes, have been identified and notified of suspicion (in 2021 – 14.1 thousand and in 2022 – 14.8 thousand).

Pre-trial investigations have been completed in 34.8 thousand criminal proceedings (in 2021 - 22.6 thousand and in 2022 - 23.7 thousand), of which 32.3 thousand with an indictment (in 2021 – 20,4 thousand, in 2022 – 21,8 thousand).

Within the pre-trial investigation in criminal proceedings related to the trafficking in the narcotic drugs, psychotropic substances, their analogues and precursors, 2 tonnes 905.7 kg of narcotic drugs and psychotropic substances were seized from illegal circulation (in 2021 – 2 tonnes 383.7 kg and in 2022 – 2 tonnes 440.6 kg).

During January-March 2024, 13,6 thousand criminal offenses in the sphere of trafficking in narcotic drugs, psychotropic substances, their analogues and precursors have been revealed.

Within the pre-trial investigation of 10.5 thousand criminal proceedings individuals were notified of suspicion. 5.4 thousand persons who committed the specified crimes have been identified and notified of suspicion.

The pre-trial investigation has been completed in 9,6 thousand criminal proceedings, of which 9,2 thousand with an indictment.

Within the pre-trial investigation in criminal proceedings related to the trafficking of the narcotic drugs, psychotropic substances, their analogues and precursors, 1 tonne 75 kg of narcotic drugs and psychotropic substances were seized from illegal circulation; (*statistical data from the Report on individual indicators of the results of the fight against crime in the sphere of trafficking in narcotic drugs, psychotropic substances, their analogues or precursors (f457, form No. 1-AB-NARKO) of the information and communication system "Information Portal of the National Police of Ukraine".*)

Analysis of the data for 2023 on the weight and species of the narcotic drugs, psychotropic substances and precursors seized from the illegal circulation, demonstrates that the specific weight of synthetic drugs has increased compared to the pre-war period.

According to the results of the pre-trial investigation of the National Police, during 2023 more than 412 kg of psychotropic substances (mainly synthetic substances: amphetamine, methamphetamine, alpha-PvP, mephedrone) were seized from illegal circulation, which doubles the figure of 2021 (184.5 kg) and almost doubles that in 2022 (238.8 kg); (*statistical data from the Unified Register of Pretrial Investigations in accordance with the Unified Report on Criminal Offenses (form No. 1), approved by the order of the Prosecutor General dated June 30, 2020 No. 299 agreed by the State Statistics Service*).

Illegal drug trade via the Internet (Dark Web) becomes more popular and use cryptocurrencies as a payment means, which makes it difficult to identify drug dealers and beneficiaries.

According to the data posted on the official website “Judicial Authority of Ukraine” (<https://court.gov.ua/>) the number of persons against whom court decisions have entered into force for crimes related to trafficking in narcotic drugs, psychotropic substances, and their analogues and precursors increased by 35,8% (from 10,234 in 2021 to 13,902 in 2023). Among them - for crimes under p. 1, 2, 3 of Art. 307 (Drug sales) of the Criminal Code of Ukraine increased by 33,6% (from 688 in 2021 to 919 in 2023).

The number of people convicted for drug crimes increased by 41,8% (from 8,737 in 2021 to 12,388 in 2023), including crimes under p. 1, 2, and 3 Art. 307 CC Ukraine - increased by 36,4% (from 585 in 2021 to 798 in 2023).

The number of those sentenced to imprisonment for drug crimes increased by 32,9% (from 951 in 2021 to 1,264 in 2023), among them for crimes under p. 1, 2, 3 of Art. 307 CC Ukraine - increased by 73,8% (from 313 in 2021 to 544 in 2023); (*report on persons prosecuted and types of criminal punishment (form No. 6), approved by order of the State Judicial Administration of Ukraine of 23.06.2018 No. 325.*)

According to the information of the Prosecutor General's Office in 2023 law enforcement bodies seized²⁷:

- Narcotic drugs - 2 671 418 g including:

Opium – 61 g

Heroin – 329 g

Cocaine - 2 091 g

Methadone - 8 560 g

Tramadol – 926 g

Cannabis - 1 864 957 g

Poppy straw - 788 262 g

- Psychotropic substances - 412 053 g

- Precursors – 767 kg and 1 578 litres.

38 300 criminal offenses related to drug trafficking were registered.

Within the criminal proceedings of 31 471 criminal offenses – individuals were notified of suspicion.

Criminal proceedings of 28 845 criminal offenses were sent to court with indictment.

According to the Report on the composition of the convicted persons (Form 7, Order of the State Judicial Administration of Ukraine of 23 June 2018 under № 325) 12340 individuals were convicted of crimes of this category (Articles 305-320 of the Criminal Code of Ukraine) in 2023.

According to the information of the Prosecutor General's Office in 2024 law enforcement bodies seized:

- Narcotic drugs - 972 287 g including:

Opium – 23 g

Heroin - 0,5 g

Cocaine - 1 056 g

Methadone - 3 939 g

Tramadol - 0,9 g

Cannabis - 963 874 g

Poppy straw - 2 583 g

- Psychotropic substances - 143 524 g

- Precursors – 109 kg and 478 litres.

²⁷ The statistical information provided by the Office of the Prosecutor General on drug-related issues does not apply to all pre-trial investigation bodies, but only to the National Police of Ukraine.

13 745 criminal offenses related to drug trafficking were registered.

Within the criminal proceedings of 9 131 criminal offenses – individuals were notified of suspicion.

Criminal proceedings of 6 588 criminal offenses were sent to court with indictment.

Information of State Border Guard Service of Ukraine

In 2023, 94.918 kg of drugs were detected at the state border and transferred due to the competence (2022 - 126.052 kg), including 66.004 kg of drugs of plant origin, 17.748 kg of synthetic drugs, 1.2 kg of tramadol, and 2.312 kg of cocaine.

In the first quarter of 2024, 30,851 kg of drugs were detected at the state border and transferred due to the competence, including 23,383 kg of drugs of plant origin, 4,041 kg of narcotic medical substances, 2,338 kg of synthetic drugs, 0,571 kg of tramadol, and 0,518 kg of cocaine.

• *Operational cooperation, regional or with Europol/EU MS and any problems hampering operational cooperation*

In 2023, National Police exchanged information with law enforcement agencies of foreign countries within the investigation of 48 cases related to drug trafficking, including via EUROPOL secure information exchange application “SIENA” and with DEA (till April 2024 – 37 cases).

In 2024, the staff of the Department for Combating Drug Trafficking of the National Police of Ukraine participated in a number of international conferences, trainings, meetings, webinars, namely:

- 24-28.01.2024 - working meeting with representatives of the Police of the Republic of Poland (Department of Combating Narcotics Crime in Wroclaw and the city of Warsaw, the cybercrime department of the city of Wroclaw) as to documenting the illegal activity of a network of shops selling drugs organized by Ukrainian citizens as well as documenting the illegal activities of the “Legalizer” marketplace (where stores selling drugs to Ukraine, the Republic of Poland and CIS countries operate);

- 19-23.02.2024 (Sofia, Republic of Bulgaria) - training course for heads of departments operating in the field of combating drug trafficking on management of information exchange;

- 14.03.2024 - 27th meeting of the Organization for Democracy and Economic Development (GUAM) on the fight against illegal drug trafficking;

- 14-22.03.2024 - 67th session of the UNODC on “Problems of drugs and the fight against them”.

- ***Level and type of cooperation with EMCDDA²⁸ and capacity for collection of data requested by EMCDDA for its reporting***

In accordance with the CMU Resolution dated 10.07.2019 No. 689 on Issues of monitoring the drug and alcohol situation in Ukraine, the monitoring functions were assigned to the Center for Mental Health and Monitoring Drugs and Alcohol. These included summarizing, analyzing and evaluating the data provided by the monitoring subjects in terms of indicators defined by EMCDDA as well as compiling a Report on the drug and alcohol situation in Ukraine to be subsequently published on the official website of the Ministry of Health.

In 2021 the Center was reorganized into the Institute of Psychiatry, Forensic Psychiatric Examination and Drug Monitoring of the Ministry of Health of Ukraine which further was assigned the monitoring functions based on the Working agreements between EMCDDA and Ministry of Health dated 27.12.2022 No. 160.

In accordance with the order of the Ministry of Health dated 08.09.2023 No. 1601, the name of the Institute of Psychiatry, Forensic Psychiatric Examination and Drug Monitoring was changed to the State Institution “Institute of Forensic Psychiatry of the Ministry of Health of Ukraine”. The Ministry of Health took the decision to transfer the authority to cooperate with EMCDDA to the competence of the State Institution “Center for Public Health of the Ministry of Health of Ukraine”. Currently, the relevant amendments to CMU Resolution dated 10.07.2019 No. 689 are being drafted.

- ***Harm reduction measures, social reintegration of former drug addicts and research***

No relevant development during the reported period.

Harm reduction measures, social reintegration of former drug addicts and research are within the competence of the State Institution “Public Health Center of the Ministry of Health of Ukraine”. In particular, the Center coordinates harm reduction and substitution maintenance therapy (SMT) programs.

As for statistical data in 2023 28,523 individuals were receiving SMT, representing 110% of national targets.

- ***Secure storage and effective destruction of drugs (if there are recent developments to report).***

In 2023, there were no legislative changes in this area.

²⁸ The EMCDDA will become the European Union Drugs Agency (EUDA) on 2 July 2024

Licensing conditions for conducting economic activities as to the cultivation of plants included in Table I of the List of narcotic drugs, psychotropic substances and precursors approved by the Cabinet of Ministers of Ukraine, as to the development, production, manufacture, storage, transportation, acquisition, sale (issue), import into Ukraine, export from Ukraine, use, destruction of narcotic drugs, psychotropic substances and precursors included in the specified list, approved by the Resolution of the Cabinet of Ministers of Ukraine No 282 of 06 April 2016. The State Service of Ukraine on Medicines and Drugs Control prepared a draft resolution of the Cabinet of Ministers on amendments to this regulation which proposes to improve the licensing conditions for relevant activities.

However, taking into account current situation and changes in criminal procedural legislation, the Instruction on the procedure for the destruction of narcotic drugs, psychotropic substances and precursors removed from illegal circulation, approved by the order of the Ministry of Internal Affairs, the Security Service of Ukraine, the Office of the Prosecutor General, the Ministry of Health, the Ministry of Justice, the Supreme Court of Ukraine dated 27.06.1995 No. 437dsk/95dsk/9/1-05-77/17-5/5-16 needs to be updated. Currently the Ministry of Internal Affairs and the National Police of Ukraine in close cooperation with the Security Service of Ukraine, the Office of the Prosecutor General, and the Ministry of Justice of Ukraine develop the specified draft Instruction.

FIGHT AGAINST TERRORISM²⁹

Answers to the Guiding Questions

Institutional set-up and legal alignment

- *The main institutional architecture in a factual manner and any major changes to it, in particular the level of specialisation (e.g. has the country a national coordinator against terrorism?)*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *Whether the legal framework is aligned with the EU acquis on counter-terrorism, including on the removal of terrorist content online (TCO), on critical infrastructure protection (e.g. namely alignment with the CER Directive) and the protection of public spaces and (where relevant) key UN Security Council resolutions, and legal developments if any.*

Pursuant to Resolution of the Cabinet of Ministers of Ukraine No. 189 of February 28, 2023 "On Approval of the Procedure for Conducting an Initial Assessment of the Implementation of the EU Acquis" During the reporting period, the responsible state authorities carried out an internal assessment of the state of approximation of Ukrainian legislation to EU legislation (self-screening). In particular, the state of implementation of the EU acquis in relation to Ukraine's regulatory documents in the field of counterterrorism was assessed, including, but not exclusively:

The Law of Ukraine No. 638-IV of March 20, 2003 "On Combating against Terrorism";

The Law of Ukraine No. 2997-IX of March 21, 2023 "On Amendments to the Criminal Code and the Code of Criminal Procedure of Ukraine in connection with the ratification of the Additional Protocol to the Council of Europe Convention on the Prevention of Terrorism, as well as to certain legislative acts of Ukraine on improving the fight against terrorism";

The Law of Ukraine No. 2589-IX of September 20, 2022 "On Ratification of the Additional Protocol to the Council of Europe Convention on the Prevention of Terrorism";

Resolution of the Cabinet of Ministers of Ukraine No. 92 of February 18, 2016 "On Approval of the Regulation on the Unified State System for Preventing, Responding to and Suppressing Terrorist Acts and Minimising Their Consequences";

²⁹ The data is provided without reference to the E-platform data, which is being updated by the Office of the Prosecutor General following explanatory meetings with the European Commission.

Resolution of the Cabinet of Ministers of Ukraine No. 1246 of November 24, 2023 "On Approval of the Procedure for Participation of Counter-Terrorism Entities in Joint Anti-Terrorist Measures with the Participation of Foreign States or Interstate Associations, as well as Conducting Anti-Terrorist Measures and Operations Involving Forces and Means of Foreign States or Interstate Associations on the Territory of Ukraine and Other States".

Measures continue to be taken to implement Directive 2016/681 of the European Parliament and of the Council of April 27, 2016 on the use of passenger check-in data for the prevention, detection, investigation and prosecution of terrorist and serious crimes, in particular by developing a regulatory act to regulate the procedure for obtaining, processing, disseminating, storing and protecting information about passengers on international flights (API/PNR), as well as establishing a National Contact Point for the processing of information about passengers on international flights.

As part of the implementation of the Law of Ukraine "On Prevention and Counteraction to Legalisation (Laundering) of the Proceeds of Crime, Terrorist Financing and Financing of the Proliferation of Weapons of Mass Destruction" and in order to harmonise the legal framework with key UN Security Council resolutions, the Cabinet of Ministers of Ukraine approved Resolution No. 977 of September 12 2023 "On Approval of Evidentiary Standards of Reasonable Suspicion for Inclusion/Exclusion from the United Nations Security Council Sanctions Lists, Foreign Sanctions Lists and the List of Persons Associated with Terrorist Activities or Subject to International Sanctions".

- ***Strategies and action plans (whether the strategy/action plan is based on the EU principles of prevent, protect, pursue and respond (please mention them explicitly).***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Mention the EU-[country] CT dialogue and when it took place (please check the recommendations in this context against what you will put in the report).***

No relevant developments during the reporting period.

Implementation and enforcement capacity

- ***Track record: the number of investigations, indictments and final convictions for terrorism related activities (please use the data communicated by the country in the terrorism of the quantitative overview in the e-platform: <https://organised-crime-corruption-track-record.ec.europa.eu/>; there should be the number of cases and the number of individuals/legal entities involved.), returned FTFs and whether they are monitored or prosecuted.***

In 2023, 187 criminal offences related to terrorism were committed, for which criminal proceedings were initiated under articles of the Criminal Code of Ukraine: Art. 258 (terrorist act) - 14, Art. 258-2 (public calls to commit a terrorist act) - 2, Art. 258-3 (creation of a terrorist group or terrorist organisation) - 148, Art. 258-4 (facilitation of a terrorist act) - 1, Article 258-5 (financing of terrorism) - 22.

In the framework of countering international terrorism, cooperation is ensured with foreign partner special services. As a result of the measures taken, 521 foreigners were involved in the activities of international terrorist organisations (ITOs) and religious extremist organisations (REOs).

In addition, comprehensive measures have been taken to expel from the territory of Ukraine foreigners who were (are) in prison for committing violent crimes and possibly involved in spreading radical Islamist views.

Between January and March 2024, 36 terrorism-related criminal offences were committed, for which criminal proceedings were initiated under the following articles of the Criminal Code of Ukraine: Art. 258 (terrorist act) - 5, Art. 258-2 (public calls for a terrorist act) - 1, Art. 258-3 (creation of a terrorist group or terrorist organisation) - 27, Art. 258-5 (financing of terrorism) - 3.

In the framework of international cooperation with the special services and law enforcement agencies of Germany, the Netherlands and other EU countries, a set of joint measures is being implemented to document the illegal activities of representatives of the Islamic State terrorist organisation.

As a result of the measures taken, 147 foreigners involved in the activities of the ITO/REO were banned from entering Ukraine. Two persons of this category were forcibly expelled and five were forcibly returned.

- ***Operational cooperation, in particular with Europol, Eurojust, Interpol and with neighbours.***

In order to establish the process of secure information exchange and to strengthen cooperation with Europol institutions in the field of counterterrorism, in February 2024, the SSU subscriber centre was connected to the secure network application for information exchange of Europol - Siena Counter Terrorism.

- ***Whether there are any undesired external influences, disinformation leading to radicalisation in the country and whether there is a possible link with organised crime.***

As a result of Russia's full-scale military invasion of Ukraine, in 2022 the vast majority of members and supporters of international terrorist and religious extremist organisations (ITO/REO) left our country, as well as foreigners from countries with increased terrorist activity, who had long been trying to use our country as a "transit country", facilitated the functioning of illegal migration channels and were involved in terrorist, organised crime and other illegal activities.

In 2023, no targeted manifestations of terrorist or violent acts by the ITO/REO on the territory of Ukraine against Ukrainian citizens and diplomatic missions of our country in the world were detected.

At the same time, there is an interest of the ITOs in using the territory of our country to transport their members from the Middle East to the EU. The escalation of the Palestinian-Israeli conflict after the Hamas militants' attack on Israel in October 2023 poses risks of radicalization of the Muslim diaspora in Ukraine, anti-Semitic manifestations and provocation of illegal actions, including terrorist ones.

In addition, one of the main factors of terrorist threats is the large-scale trafficking of weapons, explosives, ammunition and other military equipment caused by the war, much of which is sold to the illegal market and organised criminal groups. An important factor is the intensification of criminal activity in the area of property and economic crimes and drug trafficking.

In this regard, the Security Service of Ukraine, together with law enforcement agencies, is constantly taking measures to identify, document and block the channels of illicit trafficking in weapons, ammunition, other munitions, hazardous chemical, biological and radioactive materials that can be used to prepare and commit terrorist crimes. In 2023, the SSU jointly with the National Police of Ukraine seized from illicit trafficking 4 554 items of small arms, 1 281 618 rounds of ammunition of various calibres, 28 996 items of munitions (shells, mines), 4 516 items of hand grenades, 1,903 kg of explosives, 10,25 kg of toxic (chemical, biological) substances, 7 items of improvised explosive devices, 10 items of radioactive materials.

- ***Measures in place and results on identifying and tracing financial flows nourishing terrorism.***

A technical consultation was held with the EU on ensuring compliance of anti-money laundering legislation with the standards of the Financial Action Task Force on Money Laundering (FATF) in the context of issues related to financial investigations, and recommendations provided to Ukraine by the MONEYVAL Committee experts based on the results of the analysis of the level of compliance with the 40 FATF Recommendations and the level of effectiveness of the anti-money laundering and countering the financing of terrorism system at the time of the on-site mission from 27 March 2017 to 8 March 2017.

During the reporting period, a number of interagency meetings were held to consider the interaction between the law enforcement system and the financial monitoring system of Ukraine in order to include the Russian Federation in the list of countries that violate the international requirements for combating money laundering and terrorist financing of the Financial Action Task Force on Money Laundering (the so-called FATF blacklist) in connection with the financing of mercenaries of the so-called Wagner Group PMC. As a result, the FATF stated that the actions of the Russian Federation unacceptably violate the basic principles of the

FATF aimed at promoting the safety, security and integrity of the global financial system. Therefore, the FATF decided to strengthen sanctions against Russia by suspending its membership in the organisation.

In order to bring the legislation on sanctions policy in line with the 6th and 7th FATF recommendations, the Draft Law of Ukraine "On Amendments to Certain Laws of Ukraine on Adapting the Legislation of Ukraine to Certain Standards of the Financial Action Task Force on Money Laundering (FATF)" is being considered (registered by the Verkhovna Rada of Ukraine under No. 10072 of 19 September 2023).

- *Whether the country is implementing preventive activities (e.g., to prevent radicalisation in prisons, cooperation with religious communities etc.)*

On a regular basis, measures are taken to strengthen control over persons who are or have been in prison and may be involved in the spread of radical Islamist views. In particular, in 2023-2024, 210 people from this category were checked.

Information on anti-corruption mainstreaming

The Security Service of Ukraine is changing its approaches to work, tightening requirements for candidates for service and current SSU employees, in particular through the prism of employee integrity as an ethical standard, combined with the implementation of corruption prevention measures through mechanisms for submitting declarations by persons authorized to perform state and local government functions, indicating property, income, expenses and financial liabilities, taking measures to resolve conflicts of interest, restrictions on receiving gifts and combining with other activities.

In 2023, the Security Service of Ukraine informed the National Agency for the Prevention of Corruption (hereinafter referred to as the NAPC) of 27 facts of failure to submit/late submission of declarations of persons authorized to perform state or local government functions.

In 2024, in the course of financial control measures, the SSU verified the submission/untimely submission of declarations by 3667 declarants to the SSU. The SSU identified 756 employees of the SSU who failed to file or untimely filed declarations for previous reporting periods. Based on the results of the processing, 1291 reports were prepared to the NAPC on the revealed facts, as well as 756 letters to the declarants regarding their failure to submit declarations.

The Security Service of Ukraine provides ongoing consultations to SSU employees on the inclusion of information in declarations and the timing of their submission.

In addition, representatives of the Security Service of Ukraine joined the NAPC working group on the implementation of a system that will ensure the electronic logical and arithmetic control of the correctness and completeness of declarations

(hereinafter - LAC). The development of technical requirements for the software for logical and arithmetic control of the completeness of declarations by SSU employees has begun. Consultations were held on the development of the system in the SSU and the timing of its creation.

In connection with amendments to the Law of Ukraine "On Prevention of Corruption", the Security Service of Ukraine held an online conference on 24.10.2023 with authorized persons of the Central Office and regional bodies on changes in anti-corruption legislation, categories of SSU servicemen for whom declaration and deadlines for submitting declarations have been restored, as well as the definition by the legislator of new categories of subjects of declaration in the SSU system.

The Rules of Professional Ethics and Integrity of the Security Service of Ukraine (approved by an order of the SSU Central Office, registered with the Ministry of Justice in 2023) were adopted, which define a set of moral and professional ethical principles, rules and requirements that regulate the principles of behaviour of SSU servicemen in the performance of their duties.

The Procedure for Attestation of the Security Service of Ukraine was developed, which provides for the improvement of the procedure for organizing and conducting attestation of the SSU servicemen by introducing modern methods for impartial, comprehensive, objective and principled assessment of service activities, potential and efficiency, professional training, business, moral, ethical qualities, integrity of each employee, determining compliance with the positions held, and prospects for service use.

The Security Service of Ukraine has also approved the Anti-Corruption Program for 2021-2024 (hereinafter – the Anti-Corruption Program). One of the main tasks of the Anti-Corruption Program is to create an effective system of preventing and combating corruption, implement mechanisms of transparency, integrity, reduce corruption risks in the SSU system and increase public confidence in its activities.

In 2023, the SSU Anti-Corruption Program for 2021-2024 was amended to include additional measures to eliminate and minimize corruption risks.

In 2024, amendments were also made to the Anti-Corruption Program, which approved the identified corruption risks in the SSU's activities.

JUDICIAL COOPERATION IN CIVIL AND CRIMINAL MATTERS

Answers to the Guiding Questions

Ratifications, denunciations, implementations and amendments for the reporting period

1. On 1 August 2023, the Hague Convention on Choice of Court Agreements entered into force for Ukraine.

2. On 1 September 2023, the Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters entered into force for Ukraine.

3. On 29 December 2023 the Convention on Legal Assistance and Legal Relations in Civil, Family and Criminal Matters, 1993 and its Protocol of 1997 have ceased to be valid for Ukraine.

4. On 14 February 2024 Ukraine has signed the Ljubljana-The Hague Convention on International Cooperation in the Investigation and Prosecution of the Crime of Genocide, Crimes Against Humanity, War Crimes and Other International Crimes.

JUDICIAL COOPERATION IN CIVIL AND COMMERCIAL MATTERS

Regarding the Ministry of Justice of Ukraine's cooperation

During the year of 2023, the Ministry of Justice of Ukraine received and processed 2 969 requests for mutual legal assistance (MLA) in civil and commercial matters and for recognition and enforcement of judgments, including requests on maintenance recovery.

The deadline for processing requests at the Ministry of Justice is 30 days, the average term of processing of requests by Ukrainian courts is from 3 to 6 months.

During January-December 2023 the Ministry of Justice of Ukraine also received:

- 11 requests regarding information on foreign legislation;
- 231 applications under the Convention of 25 October 1980 on the Civil Aspects of International Child Abduction (HCCH 1980 Child Abduction Convention);
- 5 requests under the Convention on the Establishment of a Scheme of Registration of Wills, 1972;
- 1 request under the European Agreement on the Transmission of Applications for Legal Aid, 1977;

- 143 requests under the bilateral international agreements of Ukraine concerning the issues of protection of children rights;

- 2 requests under the European Convention on Recognition and Enforcement of Decisions Concerning Custody of Children and on Restoration of Custody of Children, 1980.

- There are three instances of courts, considering the cases initiated under the HCCH 1980 Child Abduction Convention: courts of first instance, appeal courts and the Supreme Court as the Court of Cassation. The average term of consideration of a case is from 3 to 6 months in each instance.

- During 2023, on the basis of the Convention of 15 November 1965 on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters 563 requests were received from the competent authorities of EU countries and 46 requests were sent to the competent authorities of EU countries for execution:

- on the basis of the Convention of 18 March 1970 on the Taking of Evidence Abroad in Civil or Commercial Matters 15 requests were received/ 27 requests were sent;

- on the basis of the Convention of 23 November 2007 on the International Recovery of Child Support and Other Forms of Family Maintenance 30 requests were received/ 92 requests were sent;

- on the basis of bilateral agreements on legal assistance in civil matters 155 requests were received / 214 requests were sent.

- In the 1st quarter of 2024, on the basis of the Convention of 15 November 1965 on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters 80 requests were received from the competent authorities of the EU countries and 11 requests were sent to the competent authorities of the EU countries for execution:

- on the basis of the Convention of 18 March 1970 on the Taking of Evidence Abroad in Civil or Commercial Matters 6 requests were received/ 11 requests were sent;

- on the basis of the Convention of 23 November 2007 on the International Recovery of Child Support and Other Forms of Family Maintenance 20 requests were received/ 23 requests were sent;

- on the basis of bilateral treaties on legal assistance in civil matters 47 requests were received/ 48 requests were sent.

The average time it takes to execute such requests is 4-7 months by the competent authorities of Ukraine.

Statistics of the Ministry of Justice of Ukraine concerning cooperation of Ukraine with the Member States in civil matters

STATISTICS ON INTERNATIONAL COOPERATION OF UKRAINE WITH THE COUNTRIES OF THE EUROPEAN UNION ON THE BASIS OF THE CONVENTION OF 15 NOVEMBER 1965 ON THE SERVICE ABROAD OF JUDICIAL AND EXTRAJUDICIAL DOCUMENTS IN CIVIL OR COMMERCIAL MATTERS:

	2023		2024 (AS OF MARCH 31, 2024)	
COUNTRY	REQUESTS RECEIVED	REQUESTS SENT	REQUESTS RECEIVED	REQUESTS SENT
AUSTRIA	18	0	12	1
BELGIUM	3	2	1	0
BULGARI	5	1	2	0
GERMANY	131	17	53	2
GREECE	3	1	4	1
DENMARK	2	0	1	0
IRELAND	0	0	0	0
SPAIN	4	1	0	1
ITALY	37	2	21	0
CYPRUS	0	3	0	1
LATVIA	1	0	0	0
LITHUANIA	18	0	2	1
LUXEMBURG	2	0	0	0
MALTA	0	0	0	0
THE NETHERLANDS	1	1	2	0
POLAND	77	2	17	0
PORTUGAL	1	2	4	0
ROMANIA	20	7	4	2

SLOVAKIA	74	0	20	1
SLOVENIA	7	0	0	0
HUNGARY	17	3	6	0
FINLAND	3	0	0	0
FRANCE	69	1	21	1
CROATIA	1	0	2	0
CZECH REPUBLIC	69	2	18	0
ESTONIA	0	1	0	0
TOTAL	563	46	80	11

STATISTICS ON INTERNATIONAL COOPERATION OF UKRAINE WITH THE COUNTRIES OF THE EUROPEAN UNION ON THE BASIS OF THE CONVENTION OF 18 MARCH 1970 ON THE TAKING OF EVIDENCE ABROAD IN CIVIL OR COMMERCIAL MATTERS:

COUNTRY	2023		2024 (AS OF MARCH 31, 2024)	
	REQUESTS RECEIVED	REQUESTS SENT	REQUESTS RECEIVED	REQUESTS SENT
AUSTRIA	0	0	0	0
BELGIUM	0	1	0	0
BULGARI	0	0	0	3
GERMANY	5	9	2	0
GREECE	0	0	0	0
DENMARK	0	0	0	0
IRELAND	0	1	0	0
SPAIN	1	1	0	1

ITALY	0	4	0	1
CYPRUS	0	1	0	2
LATVIA	0	0	0	0
LITHUANIA	0	0	0	0
LUXEMBURG	0	2	0	1
MALTA	0	0	0	0
THE NETHERLANDS	0	0	0	0
POLAND	3	3	0	2
PORTUGAL	3	0	0	0
ROMANIA	0	0	2	0
SLOVAKIA	2	1	0	0
SLOVENIA	0	0	0	0
HUNGARY	1	1	0	0
FINLAND	0	0	0	0
FRANCE	0	2	0	1
CROATIA	0	0	0	0
CZECH REPUBLIC	0	0	0	0
ESTONIA	0	1	4	0
TOTAL	15	27	6	11

STATISTICS ON INTERNATIONAL COOPERATION OF UKRAINE WITH THE COUNTRIES OF THE EUROPEAN UNION ON THE BASIS OF THE CONVENTION OF 23 NOVEMBER 2007 ON THE INTERNATIONAL RECOVERY OF CHILD SUPPORT AND OTHER FORMS OF FAMILY MAINTENANCE:

	2023		2024 (AS OF MARCH 31, 2024)	
COUNTRY	REQUESTS RECEIVED	REQUESTS SENT	REQUESTS RECEIVED	REQUESTS SENT
AUSTRIA	0	1	0	2
BELGIUM	0	2	0	0
BULGARI	0	0	0	0
GERMANY	0	14	9	2
GREECE	0	0	0	0
DENMARK	0	0	0	0
IRELAND	0	2	0	0
SPAIN	0	3	0	3
ITALY	0	3	0	1
CYPRUS	0	0	0	0
LATVIA	0	1	0	2
LITHUANIA	1	0	0	0
LUXEMBURG	0	0	0	0
MALTA	0	0	0	0
THE NETHERLANDS	0	4	2	0
POLAND	13	45	2	7
PORTUGAL	2	1	1	0
ROMANIA	0	1	0	0
SLOVAKIA	1	2	1	2
SLOVENIA	2	0	0	1
HUNGARY	1	2	0	1

FINLAND	0	1	0	0
FRANCE	0	3	0	1
CROATIA	0	0	5	0
CZECH REPUBLIC	10	5	0	1
ESTONIA	0	2	0	0
TOTAL	30	92	20	23

STATISTICS ON INTERNATIONAL COOPERATION OF UKRAINE WITH THE COUNTRIES OF THE EUROPEAN UNION ON THE BASIS OF BILATERAL TREATIES ON LEGAL ASSISTANCE IN CIVIL MATTERS:

COUNTRY	2023		2024 (AS OF MARCH 31, 2024)	
	REQUESTS RECEIVED	REQUESTS SENT	REQUESTS RECEIVED	REQUESTS SENT
AUSTRIA	3	1		
BELGIUM				
BULGARI	6	16	2	3
GERMANY				
GREECE	1	1		
DENMARK				
IRELAND				
SPAIN				
ITALY	1	1		
CYPRUS	3	9		1
LATVIA	35	18	8	2
LITHUANIA	4	16	2	2

LUXEMBURG				
MALTA				
THE NETHERLANDS				
POLAND	33	67	10	19
PORTUGAL				
ROMANIA	3	23	1	11
SLOVAKIA	2	3		1
SLOVENIA	1			
HUNGARY		7		1
FINLAND				
FRANCE				
CROATIA	57			
CZECH REPUBLIC		30	18	5
ESTONIA	6	22	6	3
TOTAL	155	214	47	48

JUDICIAL COOPERATION IN CRIMINAL MATTERS

1. Regarding the Ministry of Justice of Ukraine's cooperation

In 2023 the Ministry of Justice of Ukraine in general processed and organised the execution of 933 requests for international cooperation in criminal matters: 872 requests for international legal assistance in criminal matters (686 of which related to EU Member States), 4 requests on the transfer of criminal proceedings (2 of which related to EU Member States) and 57 requests for extradition (36 of which related to EU Member States).

Also, during years 2023-2024 (as of 31 March 2024) before the Ministry of Justice of Ukraine were initiated proceedings on the transfer of 42 sentenced persons (23 of them from/to the EU Member States) for further serving of foreign prison sentences in the states of their nationality, and 31 request for execution of foreign judgments (19 of them concerning the EU Member States), imposing penalty in the form of imprisonment or fine, confiscation, supervision over conditionally sentenced persons, in particular:

- in 2023 – concerning transfer of 32 sentenced persons (19 of them from/to the EU Member States) and 26 requests for enforcement of foreign judgments (16 of them concerning the EU Member States);

- in 2024 - concerning transfer of 10 sentenced persons (4 of them from/to the EU Member States) and 5 requests (3 of them concerning the EU Member States) for execution of foreign judgments.

During years 2023-2024 (as of 31 March 2024) the Ministry of Justice of Ukraine proceeded 7 requests for enforcement of foreign judgments concerning corruption criminal offences and money laundering, i.e. 2 requests of the Slovak Republic – tax evasion, 3 requests of the Republic of Poland – bribery, 1 request of the Ukrainian court forwarded to Switzerland – bribery and money laundering, and 1 request of the Czech Republic for transfer to Ukraine of the Ukrainian national, - person sentenced for tax evasion and money laundering.

The average length of to process requests for transfer of sentenced persons approximately constitutes 1 year 4 months (from the time of initiating of the request until actual surrender of the sentenced across the State Border) and more; the average length of to process requests for enforcement of the foreign sentences depends on the circumstances of every separate request.

In 2024 (as of 31 March 2024), the Ministry of Justice of Ukraine processed 346 requests in criminal matters: 323 MLA's requests (229 of which related to EU Member States), 2 requests on the transfer of criminal proceedings (1 of which related to EU Member States) and 21 extradition requests (all of them related to EU Member States).

The average length of to process requests for international legal assistance in criminal matters is 6-8 months, requests for extradition - 5-6 months.

Cooperation with EUROJUST

Agreement on Co-operation between Eurojust and Ukraine signed 27 June 2016, and entered into force 2 September 2017.

The Ministry of Justice of Ukraine as a central authority in criminal proceedings during trial or sentence execution cooperates with Eurojust on the basis of Council of Europe conventions in the field of international criminal cooperation: receives and ensures prompt processing of international courts MLA requests on conducting separate procedural actions through the Eurojust Liaison Prosecutor, as well as extradition requests, or additional information concerning their consideration.

Statistics of the Ministry of Justice of Ukraine concerning cooperation of Ukraine with the Member States in criminal matters

STATISTICS ON INTERNATIONAL COOPERATION OF UKRAINE WITH THE COUNTRIES OF THE EUROPEAN UNION ON THE BASIS OF THE STATISTICS INFORMATION ON INTERNATIONAL COOPERATION OF UKRAINE WITH THE COUNTRIES OF THE EUROPEAN UNION ON THE BASIS OF THE EUROPEAN CONVENTION ON MUTUAL ASSISTANCE IN CRIMINAL MATTERS OF 1959 AND BILATERAL AGREEMENTS:

COUNTRY	2023		2024 (AS OF MARCH 31, 2024)	
	REQUESTS RECEIVED	REQUESTS SENT	REQUESTS RECEIVED	REQUESTS SENT
AUSTRIA	7		4	
BELGIUM	4			
BULGARIA	9	1	1	1
GERMANY	56	6	14	1
GREECE	4			1
DENMARK	27			
IRELAND				
SPAIN	7		1	1

ITALY	2	2	3	1
CYPRUS	1	2		
LATVIA	19		8	1
LITHUANIA	3	4		2
LUXEMBOURG	1	1		
MALTA				
THE NETHERLANDS	2			
POLAND	97	4	7	1
PORTUGAL	34	1	21	
ROMANIA	166	1	44	2
SLOVAKIA	16	2	10	3
SLOVENIA	56		40	
HUNGARY	32		12	
FINLAND				
FRANCE	21		10	1
CROATIA	7		1	
CZECH REPUBLIC	86	2	27	2
SWEDEN	2		2	1
ESTONIA	1			
TOTAL	660	26	211	18

STATISTICS ON INTERNATIONAL COOPERATION OF UKRAINE WITH THE COUNTRIES OF THE EUROPEAN UNION ON THE BASIS OF THE EUROPEAN CONVENTION ON EXTRADITION OF 1957 AND BILATERAL AGREEMENTS:

	2023		2024 (AS OF MARCH 31, 2024)	
COUNTRY	REQUESTS RECEIVED	REQUESTS SENT	REQUESTS RECEIVED	REQUESTS SENT
AUSTRIA		1		
BELGIUM	1			1
BULGARIA		1		
GERMANY	2			
GREECE				
DENMARK		1		1
IRELAND				
SPAIN				4
ITALY		4		2
CYPRUS				
LATVIA				
LITHUANIA	2			
LUXEMBOURG				
MALTA				
THE NETHERLANDS				
POLAND		13		8
PORTUGAL				
ROMANIA				2
SLOVAKIA		1		
SLOVENIA				
HUNGARY				

FINLAND				
FRANCE	1	2		1
CROATIA				
CZECH REPUBLIC	5	2		2
SWEDEN				
ESTONIA		1		
TOTAL	11	25	0	21

STATISTICS ON INTERNATIONAL COOPERATION OF UKRAINE WITH THE COUNTRIES OF THE EUROPEAN UNION ON THE BASIS OF THE EUROPEAN CONVENTION ON THE TRANSFER OF PROCEEDINGS IN CRIMINAL MATTERS OF 1972 AND BILATERAL AGREEMENTS:

	2023		2024 (AS OF MARCH 31, 2024)	
COUNTRY	REQUESTS RECEIVED	REQUESTS SENT	REQUESTS RECEIVED	REQUESTS SENT
THE NETHERLANDS			1	
POLAND	1			
CZECH REPUBLIC	1			
TOTAL	2	0	1	0

STATISTICS OF THE MINISTRY OF JUSTICE OF UKRAINE ON COOPERATION OF UKRAINE WITH THE EU MEMBER-STATES IN CRIMINAL MATTERS CONCERNING TRANSFER OF SENTENCED PERSONS AND ENFORCEMENT OF FOREIGN JUDGMENTS

EU Member-State	2023				2024 (AS OF MARCH 31, 2024)			
	Transfer of sentenced persons		Enforcement of foreign judgments (in particular on confiscation, supervision over conditionally released/sentenced)		Transfer of sentenced persons		Enforcement of foreign judgments (in particular on confiscation, supervision over conditionally released/sentenced)	
	Requests on transfer to Ukraine	Requests on transfer from Ukraine	Requests received	Requests sent	Requests on transfer to Ukraine	Requests on transfer from Ukraine	Requests received	Requests sent
AUSTRIA	-	-	-	-	-	-	-	-
BELGIUM	-	-	-	-	-	-	-	-
BULGARIA	1	-	-	-	-	-	-	-
CROATIA	-	-	-	-	-	-	-	-
CYPRUS	-	-	-	-	-	-	-	-
CZECH REPUBLIC	1	-	-	-	-	-	-	1
DENMARK	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

ESTONIA								
FINLAND	-	-	-	-	-	-	-	-
FRANCE	-	-	-	-	-	-	-	-
GERMANY	-	-	-	-	-	-	-	-
GREECE	-	-	-	-	-	-	-	-
HUNGARY	4	-	1	1	1	-	-	-
IRELAND	-	-	-	-	-	-	-	-
ITALY	-	-	-	-	-	-	-	-
LATVIA	-	3	-	-	-	-	1	-
LITHUANIA	1	-	-	-	-	-	-	-
LUXEMBOURG	-	-	-	-	-	-	-	-
MALTA	-	-	-	-	-	-	-	-
THE NETHERLANDS	-	-	-	-	-	-	-	-
POLAND	1	-	3	-	2	-	-	-
PORTUGAL	-	-	-	-	-	-	-	-

ROMANIA	-	-	4	-	-	-	-	-
SLOVAKIA	7	-	4	1	1	-	1	-
SLOVENIA	1	-	2	-	-	-	-	-
SPAIN	-	-	-	-	-	-	-	-
SWEDEN	-	-	-	-	-	-	-	-
TOTAL	16	3	14	2	4	-	2	1

2. Regarding NABU's cooperation

In compliance with Paragraph 1 of Article 545 of the Criminal Procedure Code of Ukraine, the National Anti-Corruption Bureau of Ukraine (hereinafter referred to as the National Bureau) performs functions of central authority in the field of international cooperation and applies with requests for international legal assistance in criminal proceedings during a pre-trial investigation of criminal offences referred to its investigative jurisdiction, as well as considers similar requests from foreign competent authorities.

Mutual legal assistance

Thus, for the period from 15 June 2023 to 31 March 2024, the National Bureau forwarded 169 requests for international legal assistance within the investigated criminal proceedings to the foreign jurisdictions (96 of them to the EU countries), including 40 that have been already fulfilled (29 requests were fulfilled directly by the EU countries).

For the period from 15 June 2023 to 31 March 2024 the National Bureau received 25 requests for international legal assistance from foreign jurisdictions (including 12 from EU countries), 18 of them have been already fulfilled (9 of them were requests from EU countries).

Joint Investigation Teams (JIT)

The National Bureau tries to use all modern tools of international cooperation in criminal proceedings to the maximum extent possible: presence during the execution of the requested procedural actions (this mechanism avoids repeated MLA

requests for the same procedural action in complicated and multi-episode criminal proceedings), initiating the creation of and participating in Joint Investigation Teams, holding coordination meetings on the basis of Eurojust, etc.

Thus, during the reporting period, namely in February 2024, the National Bureau initiated and established Joint Investigation Team with an EU country. This JIT has already started active work. In addition, the possibility of another EU country joining this JIT is under consideration and working meetings are being held.

Transfer/take over of criminal proceedings

During the reporting period, the National Bureau transferred one criminal proceedings to the Republic of Austria for further pre-trial investigation.

While the same period, the National Bureau took over one criminal proceedings from the Republic of Latvia for further pre-trial investigation.

3. Regarding the State Bureau of Investigation's cooperation

Requests for international legal assistance

The State Bureau of Investigation (hereinafter referred to as the SBI) within its competence carries out international cooperation with the competent authorities of other states in criminal proceedings.

In 2023 the SBI sent 80 requests for international legal assistance and filed 6 motions for detention pending the receipt of the extradition request. In addition, 6 requests for international legal assistance from the competent authorities of foreign countries were executed.

In the first quarter 2024, the SBI sent 31 requests for international legal assistance and 10 extradition requests. In addition, 5 requests from the competent authorities of other states received by the SBI are currently being executed.

Exchange of information channels

The SBI received direct access to the Secure Information Exchange Network Application of the European Police Office (SIENA) with the access level «Advanced» (the highest access level, which allows direct sending and receiving of messages from Europol member states, as well as Europol operational and strategic partners).

In order to regulate the exchange of information using the capabilities of the specified information exchange channel the Instruction on the Procedure for Using the Secure Information Exchange Network Application of the European Police Office (SIENA) in the State Bureau of Investigation was developed and approved by order of the SBI No. 149 of 10 March 2023.

During 2023, 210 requests were sent to the competent authorities of foreign

countries and 1000 messages were received from foreign law enforcement agencies using this information exchange channel, in the first quarter 2024 — 49 requests were sent to the competent authorities of foreign countries and 229 notifications were received from foreign law enforcement agencies respectively.

In 2023, measures have been taken to designate the SBI as the third contact point from Ukraine in the Camden Asset Recovery Inter-Agency Network (CARIN).

In order to regulate the exchange of information using the capabilities of the specified information exchange channel on asset tracing and recovering, the Instruction on the Procedure for Using the Camden Asset Recovery Inter-Agency Network (CARIN) in the State Bureau of Investigation was developed and approved by order of the SBI No. 258 of 15 May 2023.

During 2023, 107 requests were sent to the competent authorities of foreign countries and 63 messages were received from foreign law enforcement agencies using this information exchange channel, in the first quarter 2024 — 5 requests were sent and 2 messages were received.

It should also be noted that in two criminal proceedings investigated by the SBI, joint investigation teams have been set up, which include representatives of law enforcement agencies of the Republic of Latvia and the Republic of Estonia respectively.

4. Regarding the Prosecutor General's Office's cooperation

Mutual legal assistance

International cooperation in criminal proceedings is carried out in the form of requests from the competent authorities of foreign States for international legal assistance in certain procedural actions.

During the period from 15 June 2023 to 31 March 2024, the Prosecutor General's Office (hereinafter referred to as PGO) received 775 requests from the competent authorities of foreign States in accordance with the requirements established by international instruments.

The law enforcement agencies of Ukraine fulfilled 401 requests and sent the execution materials to foreign parties.

374 requests for legal aid are being processed (including 41 requests postponed until additional information is received).

Also, during this period, the PGO sent 345 requests from Ukrainian law enforcement agencies to the competent authorities of foreign States.

The competent authorities of foreign States fulfilled 78 requests and are currently processing 267 Ukrainian requests.

Extradition

Between 15 June 2023 and 31 March 2024, 20 requests were received from the competent authorities of foreign States for extradition from Ukraine (including 2 requests for consent to prosecute previously extradited persons).

At present, of these: 16 requests were granted (including 2 consents), consideration of 1 request was postponed due to the failure to identify the person on the territory of Ukraine. Extradition checks are ongoing in relation to 3 requests.

For the period from 15 June 2023 and 31 March 2024, 2024, 141 requests for extradition to Ukraine were sent to the competent authorities of foreign States (including 2 consents and 3 requests for transit transportation).

Of these, 18 requests were granted (including 3 transit requests), 17 requests were denied, and 6 requests were postponed due to the failure to establish the whereabouts of persons outside the requested States.

There are still 100 requests pending for the period under review.

Such cooperation is most often carried out with the European Union Member-States (over 80% of all requests).

Joint Investigation Teams (JIT)

In order to expand cooperation, such a form of international legal cooperation as the establishment and operation of joint investigative teams is increasingly being used.

In particular, as of 8 April 2024, 34 agreements on the establishment of joint investigative teams were signed on behalf of Ukraine with the competent authorities of foreign States. The largest number of JITs (28) were established with EU Member States with the active coordination role of the European Organization for Justice (Eurojust).

In most cases, the JITs were created for coordinated investigation of fraud, including fraud using the Internet and related to cybercrime (15 JITs); white-collar crimes (4 JITs); war crimes and other crimes related to Russian armed aggression against Ukraine (3 JITs); illegal migration (3 JITs) and illegal trafficking in narcotic drugs and psychotropic substances (3 groups).

An example of the successful JIT is the one with Latvia, that investigated the activities of "call centres" in Dnipropetrovs'k region, leading to indictments against 15 persons. As a result of joint actions of the law enforcement agencies of Ukraine and Latvia during the pre-trial investigation, the victims were compensated for the damage caused by the crime in the amount of almost UAH 900 thousand.

During the period from 15 June 2023 and 31 March 2024, the PGO created 17 new JITs, including:

- 13 JITs with the participation of the competent authorities of EU Member States (Latvia and the Czech Republic - 3 JITs each, France - 2 JITs, Austria, Denmark, Estonia, Spain, Poland, Romania - 1 JIT each);

- 4 JITs involving the competent authorities of non-EU States (3 groups established with Moldova and 1 with Kazakhstan).

In total, as of March 31, 2024, 34 relevant agreements were signed on behalf of Ukraine, which enabled the same number of JITs to function with the competent authorities of foreign countries. 28 of them were established between Ukraine and EU Member States with the active coordination role of Eurojust.

During the mentioned period from 15 June 2023 and 31 March 2024, representatives of the prosecutor's offices and law enforcement agencies of Ukraine took part in 53 coordination meetings organised by Eurojust and dedicated to discussing the establishment and operation of JITs.

Most often, JITs were created for the coordinated investigation of fraud, including fraud committed through the Internet and related to cybercrime (15 groups); white-collar crimes (4 JITs); war crimes and other crimes related to the Russian armed aggression against Ukraine (3 JITs); illegal migration (3 JITs) and trafficking in narcotic drugs and psychotropic substances (3 groups).

An important form of cooperation in the context of investigating war crimes and other international crimes is the Joint Investigation Team “Ukraine Case” (hereinafter referred to as JIT “Ukraine Case”). It was established on 25 March 2022 by the PGO of Ukraine, the Republic of Lithuania and the Republic of Poland to ensure a coordinated investigation of the crime of aggression, violations of the laws and customs of war by Russia and other war crimes. Subsequently, Estonia, Latvia, Slovakia and Romania joined the JIT “Ukraine Case” as parties, as well as Eurojust, the Office of the Prosecutor of the International Criminal Court and Europol as participants. Since the establishment of the JIT “Ukraine Case”, the scope of its investigation has been expanded to include the crime of genocide and crimes against humanity; the parties have established the International Center for the Prosecution of Crimes of Aggression against Ukraine (ICPA), which aims to bring to justice the political and military leadership of the Russian Federation; the term of the group has been extended until 25 March 2026.

5. Regarding the Special Anti-Corruption Prosecutor’s Office’s cooperation

The Specialized Anti-Corruption Prosecutor's Office (SAPO) is constantly improving its effectiveness in combating misuse of funds provided by international partners to support and rebuild Ukraine. The expansion of partnerships in the fight against corruption in Ukraine is fundamental to the SAPO's activities.

Thus, on 5 July 2023, a Memorandum of Understanding between the SAPO and the Office of Inspector General (OIG) in the U.S. Agency for International Development (USAID) was signed.

On 29 January 2024, 2 joint Memoranda of Cooperation between the SAPO, the Office of the Inspector General (IG) of the Department of Defense and the U.S.

Department of State were signed.

The SAPO also takes part in the three following JITs: Ukraine/Estonia/France; Ukraine/Poland; Ukraine/Austria.

Information on anti-corruption mainstreaming

Draft Law of Ukraine “On Amendments to the Criminal Code of Ukraine and the Criminal Procedure Code of Ukraine on Criminalization of Legal Persons for International Bribery”

In 2022, Ukraine began the process of joining the Organization for Economic Cooperation and Development.

One of the steps towards EU and OECD membership is the ratification of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, which is one of the highest anti-corruption standards required for the country's membership in the European Union.

One of the requirements of the OECD Anti-Bribery Convention is the autonomous liability of legal persons for bribery of foreign officials in international business transactions. Ukraine has an ambitious goal to create an effective mechanism for prosecuting legal persons that would be consistent with both the basic principles of the national legal system and the best practices in the fight against international corruption. These approaches, in particular, reflect the ideas set out in the European Parliament and Council Directive on the fight against corruption.

In order to implement these requirements, the President of Ukraine created a Working Group to develop proposals for Ukraine's participation in the OECD Working Group on Bribery in International Business Transactions.

The secretariat of the above-mentioned Working Group was established at the National Anti-Corruption Bureau of Ukraine. During 2023, the National Bureau was involved in the development of the draft Law of Ukraine “On Amendments to the Criminal Code of Ukraine and the Criminal Procedure Code of Ukraine on Criminalization of Legal Persons for International Bribery”. The purpose of the draft law is to ensure that Ukraine fulfils its obligations to implement the Recommendations of the Council of the Organization for Economic Cooperation and Development on Further Combating Bribery of Foreign Public Officials in International Business Transactions and to introduce an effective mechanism for bringing legal persons to justice that will comply with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

On supervising by the Prosecutor General’s Office the observance of laws by the State Bureau of Investigation

In January-March 2024, under the procedural supervision of prosecutors of the Department for Supervision of Law Enforcement by the SBI, 38 indictments against

65 people were submitted to court. Particular attention was paid to ensuring effective procedural guidance in criminal proceedings on corruption-related criminal offences, which resulted in 10 indictments against 28 people being submitted to court.

In particular, 8 employees of tax authorities, 3 employees of the State Emergency Service of Ukraine, 2 employees of the National Police of Ukraine, 2 employees of the prosecutor's offices of Ukraine, 1 employee of the Bureau of Economic Security of Ukraine, 1 employee of the State Border Guard Service of Ukraine, 3 civil servants, 1 employee of a military institution, 7 other persons, including officials of enterprises and individuals who are accomplices in corruption, were prosecuted for committing corruption criminal offences.

Indictments were submitted to the court in a number of relevant and high-profile criminal proceedings on such criminal offences. The work to expose corrupt practices of law enforcement officers, including prosecutors, and criminal schemes involving them has been intensified.

A number of tax officers were exposed who, using their official position, facilitated tax evasion by business entities. Individuals who, during the special period, assisted in the illegal transportation of persons across the state border and their non-conscription for military service for undue benefit were exposed. Due attention is paid to ensuring the maintenance of public prosecution in criminal proceedings on criminal offences of this category, as well as the inevitability of punishment for perpetrators. In particular, during the first quarter of 2024, in criminal proceedings on such criminal offences, the courts delivered 1 guilty verdict against 1 person, which entered into force.

Answers to the Guiding Questions

Institutional set-up and legal alignment

- *Updates on the main institutional architecture and legal framework / whether it is aligned with the EU acquis. Potential major developments and shortcomings.*

On 29 June 2023 the Law of Ukraine No. 3180-IX "**On Amendments to the Law of Ukraine "On Immigration" to Improve the Conditions and Procedure for Immigration of Foreigners and Stateless Persons in Ukraine**" was adopted. The law improves the mechanisms for providing immigration permits, including simplifying the procedures for providing immigration permits to foreign highly qualified IT specialists, refusing to provide immigration permits, canceling immigration permits, and permanent residence permits, as well as strengthening measures to combat illegal migration in relation to persons who have been refused or canceled such permits. In particular, the norms of the immigration legislation of Ukraine are amended in compliance with the requirements of Council Directive 2003/86/EC of 22 September 2003 on the right to family reunification regarding the state's right to conduct special checks and controls for immigrant family reunification, in case of any presumption of falsification or fictitiousness of their marriage; Council Directive 2003/109/EC of 25 November 2003 concerning the status of third-country nationals who are long-term residents regarding the requirement of legal and continuous previous five-year residence of an immigrant in Ukraine before filing application for obtaining a permanent residence permit and requirements on consideration of the request and notification of the results of such consideration no later than six months from the date of submission of the application.

On 29 June 2023 the Law of Ukraine No. 3196-IX "**On Amendments to the Code of Ukraine on Administrative Offenses to Improve Legislation in the Field of Migration**" was adopted. The law improves the provisions of the Code of Ukraine on Administrative Offenses establishing liability for violation of migration legislation, in particular, it removes outdated provisions and references to norms that have expired, increases liability for violation of legislation in this area, which will ultimately contribute to improving the level of prevention and counteraction to illegal migration in Ukraine, ensuring the security of the state and bringing Ukrainian legislation closer to international standards.

³⁰ The data is provided without reference to the E-platform data, which is being updated by the Office of the Prosecutor General following explanatory meetings with the European Commission.

The Decree of the Cabinet of Ministers of Ukraine No. 43 of 19 January 2024 amended the **Strategy of the State Migration Policy of Ukraine for the period until 2025**, approved by the Decree of the Cabinet of Ministers of Ukraine No. 482 of 12 July 2017. The specified changes are aimed at bringing the provisions of the Strategy to today's conditions and supplementing it with new goals.

- Potential major developments and shortcomings in the strategy and action plan on migration management/irregular migration (if applicable).

A draft Action Plan for 2024-2025 for the implementation of the updated Strategy has been developed, which is currently under approval by the interested central executive authorities.

Implementation and enforcement capacity

- *Number of (transit) migrants intercepted in-land and at the borders/number of irregular border crossings/attempts as well as the top three nationalities.*

During 2023, employees of the State Migration Service of Ukraine detected 3 389 illegal migrants on the territory of the country (in 2022 – 5 068, a decrease of 33,1%), of which: entered Ukraine without identity documents – 157 persons or 4,6% of the total (in 2022 – 282 or 5,6%); entered Ukraine outside checkpoints on the state border - 20 persons or 0,6% of the total (in 2022 - 54 or 1,1%). The largest number of them are from the russian federation, Azerbaijan, and Moldova.

In 3 Months of 2024, employees of the State Migration Service of Ukraine detected 632 illegal migrants on the territory of the country (same period of 2023 – 966, a decrease of 34,4%), of which:

entered Ukraine without identity documents – 5 persons or 0,79% of the total (same period of 2023 – 82 or 8,5%).

entered Ukraine outside checkpoints on the state border - 2 persons or 0,31% of the total (same period of 2023 - 3 or 0,31%).

The largest number of them are from the russian federation, Azerbaijan, and Moldova.

In 2023, 5 467 illegal migrants were detained at the state border (in 2022 - 12 094), in particular:

5 138 persons (in 2022 - 11 375) - for violation of the rules of stay of foreigners in Ukraine.

253 migrants (in 2022 - 628) - for illegal crossing (attempted crossing) of the state border.

76 migrants (in 2022 - 91) - for other offenses.

Most illegal migrants were detained for illegal border crossing at the border with the EU (165 people, which is 65% of the total number of detainees). Citizens of India (18), Nepal (12), Turkey and Iraq (10 each), Pakistan (6), Ethiopia, Iran, Syria (5 each), Sri Lanka, Nigeria (4 each) and others (86) were detained at the border with the EU.

In the first quarter of 2024, 1 211 illegal migrants were detained at the state border, in particular:

1 158 persons - for violation of the rules of stay of foreigners in Ukraine.

28 migrants - for illegal crossing (attempted) of the state border.

25 migrants - for other offenses.

Half of the illegal migrants were detained at the border with the EU countries for illegal border crossing (14 people, which is 50% of the total number of detainees).

These are citizens of Moldova (3), Russia (2), Palestine, Armenia, Georgia (1 person each).

• ***Number of individuals/legal entities investigated, indicted, and convicted for human smuggling.***

In January-December 2023, under Article 332 of the Criminal Code of Ukraine (Illegal smuggling of persons across the state border of Ukraine):		
	MIPOL	Territorial agencies of the National Police
Number of criminal proceedings registered in the Unified State Register of Pre-trial Investigations (not including closed criminal proceedings)	510 (111,6% more than in 2022)	2169 (110,5% more than in 2022)
Number of criminal proceedings in which a person was informed of suspicion	460 (177,1% more than in 2022)	1646 (225,9% more than in 2022)
Number of persons informed of suspicion	286	1017
Persons arrested	62	258
Pre-trial investigations completed	398	1400

In January-March 2024		
	MIPOL	Territorial agencies of the National Police
Number of criminal proceedings registered in the Unified State Register of Pre-trial Investigations (not including closed criminal proceedings)	355 (97,2% more than in the first quarter of 2023)	985 (35,6% more than in the first quarter of 2023)
Number of criminal proceedings in which a person was informed of suspicion	296 (102,7% more than in the first quarter of 2023)	694 (35,8% more than in the first quarter of 2023)
Number of persons informed of suspicion	94	346
Persons arrested	19	92
Pre-trial investigations completed	161	536

Statistics under Article 332 of the Criminal Code of Ukraine (Illegal smuggling of persons across the state border of Ukraine) from the official website of the Prosecutor General's Office

<i>In January-December 2023</i>	
Criminal offenses registered in the reporting period	2108
Criminal offenses in which persons were informed of suspicion	1449
Criminal offenses for which proceedings have been sent to court (paragraphs 2 and 3 of Article 283 of the Criminal Procedure Code of Ukraine):	1111
including an indictment	1111

<i>In January-March 2024</i>	
Criminal offenses registered in the reporting period	986
Criminal offenses in which persons were informed of suspicion	613
Criminal offenses for which proceedings have been sent to court (paragraphs 2 and 3 of Article 283 of the Criminal Procedure Code of Ukraine):	226
including an indictment	226

Due to the temporary termination of the functioning of border crossing points, primarily on the air and sea transport channels, the level of illegal activities related to transit illegal migration has decreased.

In 2023, 253 illegal migrants were detained for illegal border crossing (attempted), which is 2,5 times less than in 2022 (628 people).

The largest number of illegal migrants was detained at the border with Moldova - 75 people (a decrease of 1.7 times, in 2022 - 201), Slovakia - 60 people (a decrease of 30%, in 2022 - 86) and Poland - 44 people (decrease of 3,1 times, in 2022 - 135).

At the same time, 5 138 illegal migrants who violated the rules of stay in Ukraine were detained at border crossing points (a decrease of 2,2 times, 11 376 in 2022).

Most offenders were detained at the border with Moldova - 2 454 people (a decrease of 16%, in 2022 - 2 931 people) and Poland - 1 539 people (a decrease of 2,1 times, in 2022 - 3 211).

For other offenses, 76 illegal migrants were detained (a decrease of 16%, in 2022 - 91 people).

In the first quarter of 2024, 28 illegal migrants were detained for illegal crossing (attempted) of the state border with the EU countries (a decrease of 2,4 times, in 2023 - 68 people).

Most offenders were detained at the border with Moldova - 14 (a decrease of 26%, in 2023 - 19) and Slovakia - 6 (a decrease of 3,7 times, in 2023 - 22).

For violation of the rules of stay in Ukraine, 1,158 illegal migrants were detained at border crossing points, which is 25% less than in 2023 (1 544).

Most offenders were detained at the border with Moldova - 590 people (a decrease of 14%, in 2023 - 692 people) and Poland - 283 people (a decrease of 39%, in 2023 - 464 people).

Twenty-five illegal migrants were detained for other offenses (an increase of 1,4 times, in 2023 - 17 people).

- ***Reception capacity and alignment of services with the EU standards (e.g., special attention for vulnerable groups, such as unaccompanied minors?) and assessment of overall capacity to cope with sudden important influxes of migrants and asylum seekers (contingency planning).***

In total, 4 people lived in the Centers for Refugees in 2023. As of 1 April 2024, in the Center for Refugees live 2 people, in particular:

Center for Refugees in Yahotyn, Kyiv region – 1 person.

Center for Refugees in Zakarpattia region – 1 person.

In total, 159 people lived in the Detention Centers in 2023. As of 1 April 2024, in the Detention Centers live 103 persons, in particular:

Detention Center in Volyn region – 42 persons.

Detention Center in Mykolaiv region – 61 persons.

As of 31 March 2024, the actual number of employees of the Centers for Refugees are 83 persons, Detention Centers – 356 persons.

- ***Measures taken to deal with the infiltration of people smugglers in the open facilities. Update on alignment with EURODAC (availability of an electronic biometric database with fingerprints and photos and whether border-crossing points are (not) connected to the system).***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

The relevant information is provided in the sphere “Fight against organized crime”.

Information on anti-corruption mainstreaming

The relevant information is provided in the sphere “Asylum”.

ASYLUM AND RETURNS

Answers to the Guiding Questions

Institutional set-up and legal alignment

● *Whether the main institutional architecture, legal framework and procedures (incl. appeal) are aligned with the EU acquis are in place to handle asylum claims. Potential major developments and shortcomings.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Number of readmission agreements with third countries and implementing protocols with EU member states + agreements under negotiation.*

Currently, the Implementation Protocols to the Agreement between Ukraine and the European Community on the readmission of persons between the Cabinet of Ministers of Ukraine and the Governments of eight EU states are in force and are being implemented, namely: Austria, the Czech Republic, Estonia, Poland, Lithuania, and the Benelux states (Belgium, Luxembourg, the Netherlands).

As of today, the parties at various stages are negotiating the texts of the draft Implementation Protocols to the Agreement with the EU on the readmission of persons between the Governments of Ukraine and the following EU member states: Malta, Greece, Slovenia, Croatia, Bulgaria, Cyprus, Portugal, France, Italy, Slovakia, Germany, and Sweden. During October and November 2023, Implementation Protocols were signed in the city of Kyiv with Romania (18 October 2023) and Latvia (28 November 2023).

The parties are currently carrying out the domestic procedures necessary for these international agreements to enter into force. Resolution of the Cabinet of Ministers of Ukraine No. 195 of 23 February 2024, approved the Ukrainian-Romanian implementation protocol. The Ukrainian-Latvian implementation protocol was approved by Resolution of the Cabinet of Ministers of Ukraine No. 326 of 22 March 2024.

The Regulation of the Cabinet of Ministers of Ukraine No. 298 of 9 April 2024 approved the draft Implementation Protocol between the Cabinet of Ministers of Ukraine and the Government of the Slovak Republic on the Implementation of the Agreement between Ukraine and the European Union on the Readmission of Persons and authorised the Head of the State Migration Service of Ukraine to sign it.

Also, on 24 August 2023 was adopted the Law of Ukraine "On Suspension of the Agreement between the Cabinet of Ministers of Ukraine and the Government of the Russian Federation on Readmission".

Implementation and enforcement capacity

● ***Number of people that lodged an asylum request, number of final decisions (and type) and number of people that left the country during the procedure.***

In 2023, the State Migration Service of Ukraine registered 109 applications for protection, 8 people were recognized as refugees, and 45 persons were granted subsidiary protection. Currently, 1 464 refugees and 1 056 persons under subsidiary protection live in Ukraine.

In 3 Months of 2024, the State Migration Service of Ukraine registered 31 applications for protection, 0 persons were recognized as refugees, and 7 persons were granted supplementary protection. Currently, 1 306 refugees and 1 047 persons under supplementary protection live in Ukraine.

As part of the exercise of the powers authorised by Article 19 of the Law of Ukraine No. 661-IV of 3 April 2003 "On the State Border Guard Service of Ukraine" and Article 29 of the Law of Ukraine No. 3671-VI of 8 July 2011 "On Refugees and Persons in Need of Complementary or Temporary Protection", in 2023, 1 person (an Iraqi citizen) applied to the State Border Guard Service officials for recognition as a refugee or a person in need of complementary protection. The person's application was passed to the territorial body of the SMS in accordance with the established procedure.

In the first quarter of 2024, such applications were not submitted to the staff of the state border protection bodies.

In addition, in accordance with Articles 26 and 30 of the Law of Ukraine No. 3773-VI of 22 September 2011 "On the Legal Status of Foreigners and Stateless Persons", 131 decisions were issued in 2023 on the forced return of foreign offenders who violated the legislation on the state border from Ukraine (19 decisions in the first quarter of 2024). Of these, 85 decisions on forced return (Q1 2024: 15) and 46 decisions on forced expulsion (Q1 2024: 4). Enforcement of decisions and actual departure from the territory of Ukraine of 87 foreign offenders was ensured (Q1 2024: 14 foreigners).

● ***Whether effective access to the asylum procedure is guaranteed and whether there are any cases reported of refoulement or non-admission at the borders. In case of non-admission, whether there are reported incidents of use of violence/non-respect of fundamental rights. The administrative capacity of the relevant institution (Asylum Office) and their capacity to cope with the number of asylum applications (backlogs?). Whether interpretation is available.***

No cases of refoulement or non-admission at the borders were reported.

Within the framework of the implementation of the granted powers (Article 19 of the Law of Ukraine "On the State Border Service of Ukraine", Article 29 of the Law of Ukraine "On Refugees and Persons in Need of Additional or Temporary Protection") to officials of the State Border Service during 2023 with a statement of recognition 1 person (citizen of Iraq) applied as a refugee or a person in need of additional protection. In the 1st quarter of 2024, persons with the specified applications did not apply to the personnel of the state border protection authorities.

- ***Financial capacity to integrate recognized refugees.***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Potential shortcomings in the capacity for the assisted voluntary/forced returns and reintegration programmes in compliance with fundamental rights.***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Capacity and staffing levels in administrative detention.***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Number of people effectively returned (voluntary/forced) under readmission agreements.***

In 2023, 107 requests for readmission (including 104 - Agreement with the EU) were received by the State Migration Service, all of which were fulfilled. The readmission of 77 persons was agreed, including: 75 citizens of Ukraine and 2 foreigners (73 – Agreement with the EU). 30 people were refused readmission (29 – Agreement with the EU).

In terms of countries from which requests for readmission of persons were received:

- 95 - from Poland, agreed - 71, refused - 24;
- 3 - from Germany, approved - 0, refused - 3;
- 3 - from France, approved - 3, refused - 0;
- 3 – from Moldova, approved – 2, refused – 1;
- 2 - from Switzerland, approved - 0, refused - 2;
- 1 - from Latvia, approved - 1, refused - 0.

In 2023, 7 requests for readmission were sent to the State Medical Center:

7 – to Moldova, 2 – agreed, 5 – refused;

3 requests for transit transportation: 1 – to Moldova, agreed – 1;

2 - to Romania, refused - 2.

In 3 Months of 2024, 52 requests for readmission (all - Agreement with the EU) were received by the State Migration Service, all of which were fulfilled.

The readmission of 32 persons was agreed, including: 31 citizens of Ukraine and 1 foreigner.

20 people were refused readmission.

In terms of countries from which requests for readmission of persons were received:

48 - from Poland, agreed - 29, refused - 19.

4 - from France, approved - 3, refused - 1.

During the first 3 months of 2024, the SMS did not send any requests for readmission.

In addition, in accordance with Articles 26 and 30 of the Law of Ukraine "On the Legal Status of Foreigners and Stateless Persons", 131 decisions were made (issued) in 2023 to expel foreign offenders who violated the legislation on the state border from Ukraine (19 decisions in the first quarter of 2024). These included 85 decisions on forced return (Q1 2024: 15) and 46 decisions on forced expulsion (Q1 2024: 4). Enforcement of decisions and actual departure from the territory of Ukraine of 87 foreign offenders was ensured (Q1 2024 - 14 foreigners).

• The level of implementation of the EU readmission agreement with the country, including acceptance of returns of third country nationals and of own nationals.

In 2023, 144 persons were admitted by SBGS under readmission agreements, including 135 under the EU-Ukraine Agreement and 9 under the Agreement between the Cabinet of Ministers of Ukraine and the Government of the Republic of Moldova. In addition, 131 persons were transferred, including 74 under the EU-Ukraine agreement and 57 under the Agreement between the Cabinet of Ministers of Ukraine and the Government of the Republic of Moldova.

In the first quarter of 2024, 18 people were admitted under the EU-Ukraine Agreement as part of the implementation of readmission agreements. In addition, 14 people were transferred, including 6 under the EU-Ukraine Agreement and 8 under the Agreement between the Cabinet of Ministers of Ukraine and the Government of the Republic of Moldova.

In 2023, as part of the implementation of the Agreement between Ukraine and the European Community on readmission of persons, the State Border Guard Service accepted 135 persons from EU member states (123 of them Ukrainian citizens and 12 foreigners). In addition, 74 persons were transferred to the EU.

In the first quarter of 2024, 18 people (all citizens of Ukraine) were accepted as part of the readmission agreement, and 6 people were transferred under the agreement between Ukraine and the EU.

Information on anti-corruption mainstreaming

In the SMS, anti-corruption measures are organised and implemented in accordance with the Anti-Corruption Program of the State Migration Service of Ukraine for 2023-2025, which was updated based on the Methodology for Managing Corruption Risks, approved by Order of the NACP No. 830/21 of 28 December 2021, registered with the Ministry of Justice of Ukraine on 17 February 2022 under No. 219/37555.

In order to implement the planned activities in 2023, the personal composition of the working group on the assessment of corruption risks in the SMS was updated (by Order of the SMS No. 308 of 26 December 2023). The working group analysed the effectiveness of anti-corruption actions taken in 2023, according to the results of the study, changes were introduced to the register of corruption risks.

In 2023 SMS received 11 reports on possible facts of corruption, corruption-related offences or other offences under Law of Ukraine “On Corruption Prevention” committed by its employees.

For failure to perform or improper performance of official duties determined by regulatory legal acts in the field of public service, job description, as well as for violation of official discipline 96 civil servants of the territorial bodies of the SMS were brought to disciplinary responsibility in 2023.

As a result of the LEA’s activities, in 2023, 13 criminal proceedings have been initiated against 33 SMS officials, in particular:

- 4 criminal proceedings under Art. 368 of the Criminal Code of Ukraine (acceptance of a proposal, promise or receipt of undue benefit by an official),

- 4 criminal proceedings under Art. 369-2 of the Criminal Code of Ukraine (misuse of official powers),

- 1 criminal proceedings under Art. 111-1 of the Criminal Code of Ukraine (collaboration),

- 1 criminal proceedings under Art. 191 of the Criminal Code of Ukraine (misappropriation, embezzlement of property or acquisition of it by abuse of office),

- 1 criminal proceedings under Art. 371 of the Criminal Code of Ukraine (Knowingly unlawful apprehension, bringing in, house arrest or taking into custody),

- 1 criminal proceedings under Art. 364 of the Criminal Code of Ukraine (Abuse of authority or office),

- 1 criminal proceedings under Art. 362 of the Criminal Code of Ukraine (unauthorised actions with information processed in electronic computers (computers), automated systems, computer networks or stored on carriers of such information, committed by a person who has the right to access it),

- 1 criminal proceedings under Art. 367 of the Criminal Code of Ukraine (Neglect of official duty).

In addition, according to the results of the relevant checks, it was established that in 2022 out of 4 891 SMS officials who are required to submit declarations, 24 - did not submit / untimely submitted declarations. The National Agency for the Prevention of Corruption was notified thereof.

In 2023, 746 general preventive actions as to service-related offences were taken by the SMS.

In 2023 in order to increase the level of professional competence 163 employees of the SMS participated in the short-term programs on the prevention and combating of corruption, of which 2 employees of the SMS central body, 161 employees of the territorial bodies of the SMS.

Besides, 2 trainings on declaration were organised for the staff of the SMS central and territorial bodies, about 300 SMS officials participated in them.

On 8 March 2023 and 9 November 2023 the heads of the authorised units on the prevention and detection of corruption of the National Police, the State Border Guard Service, the State Emergency Service, the SMS and the National Guard of Ukraine participated in a joint meeting.

Since the beginning of 2024, SMS has received 7 reports on possible facts of corruption or corruption-related offences committed by its employees.

For failure to perform or improper performance of official duties determined by regulatory legal acts in the field of public service, job description, as well as for violation of official discipline 29 civil servants of the territorial bodies of the SMS were brought to disciplinary responsibility within 3 months of 2024.

As a result of the LEA's activities, in 2024, 4 criminal proceedings have been initiated against 5 SMS officials, in particular:

- 2 criminal proceedings under Art. 368 of the Criminal Code of Ukraine (acceptance of a proposal, promise or receipt of undue benefit by an official),

- 1 criminal proceedings under Article 358 of the Criminal Code of Ukraine (forgery of documents, seals, stamps and forms, sale or use of forged documents, seals, stamps),

- 1 criminal proceeding under Art. 366 of the Criminal Code of Ukraine (official forgery).

In 2024, 256 general preventive actions as to service-related offences were taken by the SMS.

In 2024 in order to increase the level of professional competence 15 employees of the SMS participated in the short-term programs on the prevention and combating of corruption, of which 1 employee of the SMS central body, 14 employees of the territorial bodies of the SMS.

On 15 February 2024 the heads of the authorised units on the prevention and detection of corruption of the National Police, the State Border Guard Service, the State Emergency Service, the SMS and the National Guard of Ukraine participated in a joint meeting.

VISA POLICY

Answers to the Guiding Questions

• *Visa policy: Whether the legal framework is aligned with the EU acquis. Particular focus on regulation No 539/2001 and its successive amendments and the so called white and black list, on visa issuing procedures and their alignment with the EU Visa Code (incl. a national Visa Information System) and whether legislation on issuing visas at the borders is compliant with Schengen standards. Describe the capacity of consular missions to issue visa, in particular link to the Visa Information System and whether practices of issuing visas at the border is in line with Schengen acquis.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Visa liberalisation dialogue/Visa liberalisation monitoring and suspension mechanism – implementation of the recommendations in the annual report issued at the end of the year (abuse of visa free travel and asylum procedures). Please note that both language and recommendations need to be aligned with the DG HOME report under the Visa liberalisation monitoring and suspension mechanism.*

The preparation of the Seventh National Report on Ukraine's compliance with the criteria for the EU-Ukraine visa-free regime is nearing completion. Upon request (DG Home), information is being prepared for the EU side on Ukraine's fulfilment of the visa-free regime criteria in 2023, in particular the recommendations of the European Commission's Sixth Report on the visa suspension mechanism of 18 October 2023, namely:

1) alignment of Ukraine's visa policy with the list of third countries for which visa requirements are mandatory, in particular, countries that pose a risk of illegal migration or security for the EU;

2) continuing the fight against organised crime, with a particular focus on combating smuggling of firearms and drugs, despite the challenges posed by the war;

3) continuing the fight against corruption, in particular by adopting an action plan for the implementation of the Asset Recovery Strategy for 2023-2025 and amending the Asset Recovery and Management Agency's (ARMA) legislation on the management of seized assets.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

The Ukrainian Party will take relevant steps aimed at bringing Ukraine's visa policy into full alignment with the EU visa policy at the later stages of the accession process.

In the period from 15 June 2023 – 31 March 2024 Ukraine adopted the following legal acts related to visa liberalisation sphere which are in line with the EU visa policy:

- the Decree of the President of Ukraine No. 8/2024 of 9 January 2024 «On Amending the Decree of the President of Ukraine of 29 January 2020 no. 28» (the Decree extends the visa-free entry and stay for up to 90 days within 180 days, as well as transit through the territory of Ukraine for nationals of the United Kingdom, until 30 January 2025).

On 9 November 2023 the Agreement between the Cabinet of Ministers of Ukraine and the Government of the Russian Federation on the Procedure for Crossing the Ukrainian – Russian State Border by Residents of the Border Regions of Ukraine and the Russian Federation, done in Donetsk on 18 October 2011, ceased to be in force.

No visa-related international bilateral treaties of Ukraine were concluded in the period from 15 June 2023 till 31 March 2024.

Information on anti-corruption mainstreaming

The Ministry of Foreign Affairs of Ukraine ensures strict compliance by authorised consular officials at foreign diplomatic missions with the legislation on visa issues. Measures have been taken to improve the visa approval process for applicants from countries with migration risks: the verification period through the information and telecommunication system "Visa" have been extended and technically it has been made impossible for a consul to issue a visa without receiving a positive response from the competent authority.

SCHENGEN AND EXTERNAL BORDERS

Answers to the Guiding Questions

Institutional set-up and legal alignment

- *The main institutional architecture in a factual manner and any major changes to it (e.g. vacancies in the border service).*

The SBGS has a total staff of 60 thousand including 52 thousand military personnel. Because of the war, more than half of its personnel were transferred by rotation from the Border Guard Service either to the frontline or to the border with Belarus.

- *Legal developments and whether the legal framework is aligned with the EU acquis.*

The legislative framework for border control, in particular the rules for inspections and surveillance, as well as the strategic framework for integrated border management are *partially* aligned with EU policies and best practices.

Ukrainian legislation regulates requiring advance passenger information (API) from airlines for flights arriving or departing from its territory. The API system was piloted at Boryspil International Airport.

The State Border Guard Service of Ukraine is working to create a National System for the Collection and Processing of Preliminary Information on Passengers (API and PNR) to comply with EU Directives 2004/82, 2016/681 and 2017/759.

To align Ukrainian legislation with Directives of the European Parliament and of the Council (EU) 2004/82/EC “On the obligation of carriers to report passenger data” and 2016/681 “On the use of passenger registration record (PRR) data for the prevention, detection, investigation and prosecution of terrorist and serious crimes” Law of Ukraine has been drafted “On Processing of Preliminary Personal Registration Data”.

Current legislation on border and customs matters does not fully meet the security requirements of the state, as well as the existing needs of carriers and travellers, especially in the context of Ukraine's integration into the EU. The Customs Code and the Law of Ukraine "On Border Control" need amendments to increase the level of national security at the state border. The most pressing issue is the improvement of technological processes of border crossing operations, their simplification, modernization and digitalization, to be adapted to the EU standards and to ensure national security at the state border of Ukraine.

When adopted, the Draft Laws “On Amendments to the Customs Code of Ukraine and Some Other Laws of Ukraine on Improving the Legislation on Border Control” (Reg. № 10129 of 6 October 2023) and “On Amendments to Certain Laws of Ukraine on Improving Legislation on Border Control” (Reg. № 10128 of 6

October 2023) will facilitate further development of the effectiveness of border and customs control in current conditions, increase the efficiency of the integrated border management entities, simplify border and customs formalities, regulate the exemption from customs control of warships protecting the sovereign rights of Ukraine in its exclusive (maritime) economic zone, bring Ukrainian legislation in line with European standards, and increase the security component at the border of Ukraine. The adoption of the draft laws will also contribute to the fulfilment of the recommendations provided by the EU in the project "EU Support for Strengthening Integrated Border Management in Ukraine" (EU4IBM), and the implementation of the IBM Strategy for the period up to 2025 (Resolution of the Cabinet of Ministers of Ukraine No. 687-r of 24 July 2019).

• ***Existence of an IBM Strategy (in line with the new EU concept on IBM) and a Schengen Action Plan.***

The State Border Guard Service of Ukraine is responsible for border management in Ukraine. There is an Integrated Border Management Strategy for the period up to 2025, which has been updated to address new challenges, particularly related to the restoration of border control on the liberated section of the state border, approved by the Regulation of the Cabinet of Ministers of Ukraine No. 660 of 21 July 2023.

The Regulation of the Cabinet of Ministers of Ukraine No. 1212-r of 27 December 2023 approved the Action Plan for 2023-2025 for the implementation of the IBM Strategy for the period up to 2025.

A Schengen action plan has not been yet developed.

In accordance with the recommendations of the European Border and Coast Guard Agency, the EUAM and to fulfil the recommendations of the European Commission under the Analytical Report of the European Commission (Brussels, 1 February 2023 SWD (2023) 30 final) the Administration of State Border Guard Service initiated establishing of the Coordination Center for Integrated Border Management on the base of the Situation Center of the Ministry of Internal Affairs.

The activities of the Coordination Center will allow for the comprehensive involvement of IBM actors, coordination of their activities to ensure a systematic approach to organising and implementing effective monitoring of the situation at the state border of Ukraine, conducting risk analysis, and strengthening communication capabilities to create and maintain a balance between ensuring an adequate level of border security and maintaining the openness of the state border of Ukraine for legal cross-border cooperation, as well as for persons travelling to and from Ukraine.

Resolution of the Cabinet of Ministers of Ukraine No. 426 of 12 April 2024 "On the Establishment of the Coordination Center for Integrated Border Management" established the Coordination Centre for Integrated Border Management and approved the Regulations of the Centre. The official opening of the centre is scheduled for 22 April 2024.

The Parliamentary Committee on National Security, Defense and Intelligence is considering the draft Law of Ukraine "On Amendments to the Law of Ukraine 'On National Security of Ukraine' on the Strategic Principles of Integrated Border Management" (Reg. No. 9490).

This Draft Law proposes to define the strategic framework of IBM at the legislative level to declare and consolidate the strategic goals and approaches followed by the European Community, namely the IBM principles approved by the Regulations of the European Parliament and of the Council (EU) No. 2019/1896 of 13 November 2019 and No. 2022/922 of 9 June 2022, which are the basic principles for the EU and Schengen security sector.

The IBM Strategy approved in Ukraine defines the basic directions of systematic formation of state policy on the development, effective management and security of the state border of Ukraine, ensuring the development of foreign economic relations and international trade, facilitating the movement of persons and goods across the state border, etc.

Implementation and enforcement capacity

• Assessment on the implementation of the IBM Strategy and the SAP.

To coordinate IBM, a high-level interagency working group was established (Resolution of the Cabinet of Ministers of Ukraine No. 83 of 30 January 2019), headed by the Vice Prime Minister for European and Euro-Atlantic Integration of Ukraine. On 16 August 2023 the seventh meeting of the Interagency Group was held.

In accordance with the work plan of the Interagency Working Group on IBM Coordination in 2024, approved by the Cabinet of Ministers of Ukraine, the preparations for the meeting of the Interagency Working Group are in progress, during which it is planned to discuss the status of implementation of the Action Plan in 2023, the status of transfer of state-owned objects of the border crossing points for automobile traffic to the State Agency for Infrastructure Reconstruction and Development.

The Resolution of the Cabinet of Ministers of Ukraine No. 595 of 13 June 2023 approved the National Methodology for Assessing the Quality of Fulfilment of IBM Tasks. The temporary working group on assessment of the quality of fulfilment of the IBM tasks was formed and its personnel was approved. Work on the organisation of experts' training on the assessment of the quality of the IBM tasks fulfilment with the involvement of international partners is in progress.

In 2023, the Ukrainian Parliament's Committee on Ukraine's Integration into the EU conducted parliamentary review to assess the implementation of the IBM Strategy, including during offsite meetings in Transcarpathian (16 September 2021), Lviv (4-5 May 2023) and in the Chernivtsi regions (15-16 April 2024).

Implementation of the Action Plan for 2020-2022, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 1409-r of 27 December 2019, has been completed. In general, the Plan was implemented by 68% (84 events were realised and positive values were fully achieved for 146 parameters of 85 indicators).

The implementation of the Action Plan for 2023-2025, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 1212-r of 27 December 2023, in 2023 is ongoing.

The 2023 Action Plan Implementation Report (in Ukrainian only) is available by link: <https://drive.google.com/drive/folders/1JF7pswr2KEdxhNagVK2hExYtM-VH0Jtp>

In April 2024 trainings on IBM assessment will be organised by FRONTEX Agency.

- ***Level of infrastructure/equipment at the borders/central level.***

The capacity of the integrated border management units at the border crossing points is insufficient due to a lack of appropriate infrastructure and technical equipment. Technical resources need to be significantly upgraded to improve the quality of border control, especially in the area of combating smuggling.

However, additional equipment is needed to detect weapons and individuals hiding in large vehicles and containers. The implementation of Ukraine's agreements on local border traffic with neighbouring countries is at a satisfactory level.

As of today, 125 out of 235 border crossing points (control points) are functioning.

110 border crossing points (control points) (*Regulations of the Cabinet of Ministers of Ukraine No. 188-r of 26 February 2022 (as amended by Regulation of the Cabinet of Ministers of Ukraine No. 920-r of 10 October 2023) and No. 288-r of 13 March 2020*) were temporarily closed by the Government due to the Russian military aggression and COVID-19 measures. These are border crossing points on the border with Russia, Belarus and the Transnistrian section of the border with the Republic of Moldova.

- ***Level of inter-agency cooperation***

Information on progress is provided above as part of the answer to the guiding question: Existence of an IBM Strategy (in line with the new EU concept on IBM) and a Schengen Action Plan.

In cooperation with EUBAM three meetings of the group were held in 2023 (16 June, 29 September, 18 December). The following issues were discussed during the meetings: the work of the Interdepartmental Regional Analytical Group in 2020-2023 and the prepared analytical materials on illegal activities in the Odesa region; the capabilities and resources of the EUBAM in providing assistance to further improve the exchange of information between law enforcement agencies of Ukraine, its generalisation, processing and preparation of conclusions on the development of the situation within the Odesa region; inclusion of a representative (representatives) of the Bureau of Economic Security of Ukraine in the Odesa region as a member of the Interdepartmental Regional Analytical Group. At the meeting on 18 December 2023, a representative of the Southern Regional Administration presented proposals for the activities of the Interdepartmental Regional Analytical Group in 2024. The experts of EUBAM analysed the submitted the proposals of the Group members and presented an Action Plan of the Interagency Regional Analytical Group for 2024.

• *Agreement (or state of negotiations) with Frontex and whether the country participates on a regular basis in Frontex organised Joint Operations.*

The procedure for concluding an agreement between Ukraine and the European Union on operational activities carried out by the European Border and Coast Guard Agency (Frontex) in Ukraine has been launched.

• *Systematic use of international police database at border crossing points, including Interpol's Stolen and Lost Travel Documents (SLTD) database*

Statistics 2023 (Interpol):

The Interpol database alerted during the inspection of 904 persons, 115 vehicles and 522 passports.

Of these numbers, 199 persons and 58 vehicles were confirmed to be on the international wanted lists, 478 passports checks resulted in positive matches, or "hits".

Statistics 2024 (Interpol):

The Interpol database alerted during the inspection of 335 persons, 68 vehicles and 78 passports.

Of these numbers, 60 persons and 22 vehicles were confirmed to be on the international wanted lists, 76 passports checks resulted in positive matches, or "hits".

• *Cooperation with neighbours (delimitation of the border, closing unauthorised border crossing points, joint patrols, local border traffic agreements) and in the region (regional/trilateral centres etc.)*

Demarcation and delimitation - no relevant developments during this period.

Joint patrolling is conducted with Slovak Republic, Romania, Moldova, while with Hungary and Poland – is temporally terminated upon request of neighbouring states due to situation in Ukraine.

● ***Measures in place to fight against corruption at the borders, and results (disciplinary sanctions/final conviction in criminal cases).***

Statistics for 2023:

31 facts of possible violations of the anti-corruption legislation by the staff of the State Security Service were revealed, as a result - 20 court decisions, 4 resolutions were issued, no disciplinary sanctions were applied.

Statistics for the first quarter of 2024:

9 cases of possible violations of anti-corruption legislation by the staff of the State Security Service were revealed, as a result - 2 court decisions were issued, no disciplinary sanctions were applied.

Information on anti-corruption mainstreaming

“Some measures in place to fight border corruption consist of preventive and internal control measures implemented by the SBGS and the State Customs Service. However, more effective measures are needed to fight corruption, including preventive measures.”

In 2023 for the purpose of preventing corruption offences the State Border Guard Service of Ukraine:

- organised 20 trainings on anti-corruption issues;
- provided clarifications of anti-corruption legislation to the staff of the SBGS (37 materials);
- developed 182 pieces of training materials;
- terminated 464 attempts to provide illegal benefits to the personnel of the State Border Guard Service.

In the first quarter of 2024:

- organised 5 trainings on anti-corruption issues;
- provided clarifications of anti-corruption legislation to the staff of the SBGS (13 materials);
- developed 11 pieces of training materials;
- terminated 126 attempts to provide illegal benefits to the personnel of the State Border Guard Service.

During 2023, SBGSU internal security units entered into the Unified Register of Pre-Trial Investigations information about 1 019 cases (in 2022 – 1 117), 247 of which were registered as corruption offences (in 2022 – 326).

124 persons were notified of suspicion for committing corruption criminal offences (in 2022 – 114).

104 persons (in 2022 – 82) were brought to criminal responsibility by courts for violating the requirements of anti-corruption legislation of Ukraine.

During 2024, SBGSU internal security units entered information into the Unified Register of Pre-Trial Investigations about 290 cases, 55 of which were registered as corruption offences.

34 persons were notified of suspicion for committing corruption criminal offences.

21 persons were brought to criminal responsibility by courts for violating the requirements of anti-corruption legislation of Ukraine.

COUNTERFEITING OF THE EURO (CRIMINAL LAW ASPECTS)

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

During the reporting period, detectives of the Economic Security Bureau of Ukraine (ESBU) did not detect any counterfeiting of euro in Ukraine. This indicates a positive trend in the protection of the euro against counterfeiting within the framework of the current legislation of Ukraine.

In 2023, 23 counterfeit euro banknotes were withdrawn from cash circulation of Ukraine, which was 3% of all counterfeit foreign currency banknotes withdrawn from cash circulation. EUR 50 and EUR 200 denominations accounted for 39% and 30%, respectively, of the total number of withdrawn counterfeit euro banknotes.

The NBU conducted 26 workshops and webinars on determining the authenticity and fitness for commerce for almost 5 500 bank cashiers with the aim of reinforcing the counteraction to counterfeiting of banknotes in 2023.

Under the Cooperation Agreement between the National Bank of Ukraine and the European Central Bank of 25 May 2004, the NBU shares information on counterfeit euros withdrawn from circulation with the ECB on a monthly basis. The NBU receives from the European Central Bank updated information about security features of euro banknotes and new types of detected counterfeits.

Regarding the withdrawal of counterfeit money, the NBU has been working on a continuous basis with the Economic Security Bureau of Ukraine, the National Police of Ukraine, the Ministry of Internal Affairs of Ukraine, the Ministry of Justice of Ukraine, the European Central Bank, and other central banks from around the world.

Information on anti-corruption mainstreaming

The ESBU is a body with clearly established powers for the investigation of counterfeit money offences.

Increasing its institutional capacity is designated as one of the priorities of the Anti-Corruption Strategy for 2021-2025 and the State Anti-Corruption Programme for 2023-2025. In this regard the Programme prescribes the expected strategic result 2.3.6.1: a new agency tasked with pre-trial investigation of crimes in the financial sector has been established on a transparent and competitive basis; guarantees of the independence of this agency, its institutional capacity and accountability have been ensured.

To achieve the specified result, the State Anti-Corruption Programme for 2023-2025 includes 4 measures. The content of these measures and information on the progress of their implementation as of 31 December 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/osr/163/table/>.

Introduction of sector specific anti-corruption action plan and related strategy

Order of the ESBU No. 357 of 5 December 2022 (as amended) approved the Anti-Corruption Program of the Economic Security Bureau for 2023-2024, which is periodically reviewed and updated.

Order of the Economic Security Bureau of Ukraine No. 278 of 12 October 2023 amended the ESBU Anti-Corruption Program in terms of managing corruption risks, forming an institutional framework for such assessment and determining the documentary base, the analysis of which could provide a basis for developing conclusions and proposals.

Risk evaluation tools, capacity of oversight and internal control, capacity to prevent and repress corruption

The Order of the Economic Security Bureau of Ukraine No. 175 of 5 August 2022 "On the Working Group on Corruption Risk Assessment" approved the members of the relevant working group, which is subject to periodic review and clarification. The last changes were made by Order No. 229 of 7 August 2023 due to personnel changes in the ESBU.

By Order of the ESBU No. 218 of 14 July 2023 "On Conducting an Additional Corruption Risk Assessment", in order to establish the probability of corruption and corruption-related offences by employees of the Economic Security Bureau of Ukraine, to establish the causes, conditions and consequences of possible corruption offences, as well as to analyse the effectiveness of control measures taken to prevent the realisation of corruption risks, it was decided to conduct an additional corruption risk assessment in the following 2,5 months after the adoption of the order.

The results of the identification of corruption risks, the probability of their realisation, consequences and levels of corruption risks, as well as measures to influence corruption risks and stages of their overcoming are reflected in the new edition of the ESBU Risk Register, which is an appendix to the ESBU Anti-Corruption Program.

Statutory rules and codes of ethics, conflict of interest rules, integrity testing, regulations on gifts, declaration of assets and interests

The ESBU Order No. 129 of 30 June 2022 approved the Rules of Professional Ethics of the ESBU employees, which establish the basic moral and professional ethical principles and requirements for the behaviour of public and private staff members who hold special ESBU titles and persons who have entered into an employment contract with the ESBU and its territorial departments, which they are obliged to follow when performing.

Whistle-blower protection mechanisms

The law stipulates that a person is considered a whistleblower from the moment he or she reports information about possible facts of corruption or corruption-related offences, or other violations of the Law of Ukraine "On Prevention of Corruption".

The rights and guarantees of a whistleblower are determined not only by the

Law of Ukraine "On Prevention of Corruption", but also by other legal acts, in particular the Law of Ukraine "On Ensuring Security of the Persons who Participate in Criminal Legal Proceedings", the Requirements for the Protection of Anonymous Communication Channels for Reporting Possible Facts of Corruption or Corruption-Related Offences, Other Violations of the Law of Ukraine "On Prevention of Corruption", approved by the NACP Order No. 127/20 of 2 April 2020.

According to the ESBU Order No. 44 of 5 March 2024 "On Streamlining the Consideration of Whistleblower Reports" the Procedure for Organising the Work with Reports of Possible Facts of Corruption or Corruption-Related Offences, Other Violations of the Law of Ukraine "On Prevention of Corruption" in the Economic Security Bureau of Ukraine was set out in a new version. The Procedure defines internal procedures and mechanisms for accepting, reviewing, verifying and responding appropriately in the ESBU and territorial departments of the ESBU to a whistleblower's report of possible facts of corruption or corruption-related offences and other violations of the Law of Ukraine "On Prevention of Corruption". The mentioned Order was registered by the Ministry of Justice of Ukraine on 4 April 2024 under No. 496/41841.

Procurement rules

Procurement by the ESBU is carried out on the basis of the Law of Ukraine No. 922-VIII of 25 December 2015 "On Public Procurement", the Resolution of the Cabinet of Ministers of Ukraine No. 1178 of 12 October 2022 "On Approval of Peculiarities of Public Procurement of Goods, Works and Services for Customers Provided for by the Law of Ukraine "On Public Procurement" for the Period of Martial Law in Ukraine and within 90 days from the date of its termination or cancellation" and in compliance with the organisational and administrative documents of the ESBU.

Public access to information and transparency tools, use of corruption-proofing legislation drafting methodology (using good law drafting to avoid creating corruption risks in draft legislation)

The ESBU systematically takes measures to implement the operational plan of measures for the implementation of the Communication Strategy for Preventing and Combating Corruption for the period up to 2025, approved by the Order of the Cabinet of Ministers of Ukraine No. 1203-r of 22 December 2023 "On Approval of the Communication Strategy for Preventing and Combating Corruption for the period up to 2025 and Approval of the Operational Plan of Measures for its Implementation".

Quality of services, specialised anti-corruption training, recruitment standards

The ESBU regularly conducts trainings and events to disseminate information on anti-corruption programs. Methodological and informational materials on compliance with the legislation on prevention of corruption, which are also published on the official website of the ESBU in the section "Activities"/"Prevention of corruption", are sent to all structural units.

The topics of the methodological materials are as follows:

- General requirements of anti-corruption legislation on financial control;
- Practical aspects of filling out an electronic declaration;
- Prevention and settlement of conflicts of interest;
- Main provisions of anti-corruption legislation (prohibitions and restrictions) and peculiarities of its application;
- Corruption whistleblowers and their rights. Guarantees of protection of whistleblowers under Ukrainian legislation;
- Rules of ethical behaviour;
- Liability for corruption crimes and administrative offences related to corruption and prevention of their commission.

The ESBU employees were tested on their knowledge of the main provisions of the Law of Ukraine "On Prevention of Corruption", which aims to check the level of knowledge and skills of applying the legislation on prevention of corruption by the ESBU employees, as well as to identify problematic issues that need to be addressed when disseminating anti-corruption information in 2024, and the employees of the ESBU central office were tested. An analytical report was prepared based on the test results.

Also, on 22 March 2024 for ESBU employees was organised training to improve their knowledge and skills in applying the legislation on corruption prevention. The training was held with the support of the European Union Advisory Mission in Ukraine and with the participation of representatives of the National Agency on Corruption Prevention and the State Tax University. The seminar discussed topical issues of application of anti-corruption legislation, including declaration and financial control, prevention and settlement of conflicts of interest, application of social norms in preventive anti-corruption strategies, as well as exposing corruption and protection of whistleblowers.

Track-record of referrals of abuses, embezzlement and corruption-related violations and crimes, trend/incidence of bribery cases in the sector

The ESBU ensures the functioning of internal channels for reporting possible facts of corruption or corruption-related offences, other violations of the Law of Ukraine "On Prevention of Corruption" by ESBU employees, which is carried out, in particular, in accordance with the ESBU Anti-Corruption Program for 2023-2024, approved by the ESBU Order No. 357 of 5 December 2022 "On Approval of the Anti-Corruption Program". Also, since 20 December 2023, the ESBU has been connected to the Unified Whistleblower Portal of the National Agency on Corruption Prevention, which can be used to report relevant facts. The territorial offices of the ESBU also have their own reporting channels.

Any major corruption risks in the sector and mitigating measures undertaken

The corruption risk assessment was carried out in accordance with the

Corruption Risk Management Methodology approved by the Order of the National Agency on Corruption Prevention No. 830/21 of 28 December 2021, registered with the Ministry of Justice of Ukraine on 17 February 2022 under No. 219/37555, in the format of self-assessment with the involvement of experts. The working group on corruption risk assessment included representatives of the structural units of the central office and territorial departments of the ESBU, as well as experts nominated by the European Union Advisory Mission in Ukraine, the European Business Association, the Ukrainian National Bar Association, and the Ukrainian League of Industrialists and Entrepreneurs. Corruption risks were identified and assessed in the following areas of the ESBU's activities: pre-trial investigation, information search and analytical work, public procurement and control over the use of material resources, and human resources management. The working group determined measures to eliminate (minimise) the identified corruption risks to be taken by the structural units of the central office and territorial offices of the ESBU, the timeframe for their implementation and the expected results (performance indicators).

In particular, the following measures were taken in the reporting period to eliminate (minimise) corruption risks in the field of pre-trial investigation:

- checks were conducted on the status and timing of the detectives' compliance with the investigating judge's rulings on the obligation to enter information into the Unified Register of Pre-trial Investigations;

- emphasised to detectives, including at operational meetings, the need to strictly comply with the requirements of Article 222 of the CPC of Ukraine regarding the inadmissibility of disclosure of pre-trial investigation information and the requirements of Article 9 of the CPC of Ukraine regarding comprehensive, full and impartial investigation of the circumstances of criminal proceedings and making lawful and impartial procedural decisions;

- properly equipped storage rooms for material evidence, concluded agreements on responsible storage of material evidence, ensured transfer of material evidence to the National Agency of Ukraine for finding, tracing and management of assets derived from corruption and other crimes for management measures to ensure their safety or preservation of their economic value, quarterly inventory of material evidence is carried out, and the relevant acts are drawn up and sent to the Office of the Prosecutor General.

The following measures were taken in the reporting period to eliminate (minimise) corruption risks in the field of information search and analytical and information work:

- the ESBU analysts ensured signing of the memo on the procedure for access to information resources, their use and liability for illegal actions with information, and monitored compliance with the requirements and restrictions on viewing and using (including transferring and copying) information contained in the ESBU information systems and automated information and reference systems, registers and databases accessed by other state and local government agencies;

- created risk profiles of criminal offences in the budget, tax, customs, monetary and investment spheres in accordance with the articles of the Criminal Code of Ukraine, which are under the jurisdiction of the ESBU in accordance with Article 216 of the CPC of Ukraine, including typical schemes of illegal activities and special risk indicators (markers), which ensures the objectivity and impartiality of analytical research.

The following measures were taken in the reporting period to eliminate (minimise) corruption risks in public procurement and the use of material resources:

- ESBU employees are warned of liability for using state property in private interests;

- BI Prozorro and Youcontrol analytical modules are used in procurement to analyse prices and business reputation of the counterparty, and the practice of the Antimonopoly Committee of Ukraine is taken into account to prevent discriminatory conditions for procurement participants and efficient use of budget funds when preparing tender documents.

In the reporting period, the following measures were taken to eliminate (minimise) corruption risks in the field of human resources management:

- Ukrainian citizens were appointed to positions requiring special ranks of the Economic Security Bureau of Ukraine exclusively on the basis of a competition;

- special checks, as provided for by the Law of Ukraine "On Prevention of Corruption", were launched in respect of persons applying (appointed during martial law) for positions in the ESBU that involve holding responsible or particularly responsible positions and positions with a high corruption risk;

- for newly appointed employees of the ESBU - entities subject to the Law of Ukraine "On Prevention of Corruption" - briefings were held on the prevention and detection of corruption on the main provisions of anti-corruption legislation (restrictions, prohibitions), as well as rules of ethical behaviour;

- verify the fact that the ESBU employees have submitted declarations of a person authorised to perform the functions of the state or local self-government;

- analysing integrity questionnaires to verify the data indicating the moral, business and professional qualities of the ESBU employees;

- the disciplinary commission, which includes members of the Council of Public Control at the ESBU, was established to ensure compliance with both the guarantees of independence of the ESBU employees in the performance of their tasks and the inevitability of punishment in case of disciplinary offences.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

No information is available.

1. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

1.3. Economic Criteria

1.3.1. The existence of a functioning market economy

ЕУШУА

УКРАЇНА

—

ЄВРОПА

ECONOMIC GOVERNANCE

Performance of the IMF EFF Programme

On 31.03.2023, the IMF Executive Board approved a new four-year Extended Fund Facility (EFF) Arrangement for Ukraine with access of about USD 15,6 billion (SDR 11,6 billion) and forms part of a US \$122 billion support package for Ukraine.

The EFF program aims to anchor policies that sustain fiscal, external, price and financial stability at a time of exceptionally high war-related uncertainty, support the economic recovery, as well as enhance governance and strengthen institutions to promote long-term growth in the context of reconstruction and Ukraine's path to EU accession.

On 29.06.2023, the IMF Executive Board completed the first review of the EFF Program.

On 11.11.2023, the IMF Executive Board completed the second review of the EFF Program.

On 21.03.2024, the IMF Executive Board completed the third review of the EFF Program.

As of end-March 2024, under the EFF Program Ukraine received 4 (four) tranches for a total financing of about USD 5,4 bln (SDR 4,0 bln).

The EFF program continues to provide a strong anchor for the Ukrainian authorities' economic program, which has remained on track despite extremely challenging circumstances due to Russia's ongoing war in Ukraine.

Ukraine's performance, progress and commitment under the EFF program has continued to be strong, as well as in maintaining macroeconomic and financial stability.

Importantly, timely disbursement and predictable manner of committed external support by all donors is critical for budget financing and sustaining macroeconomic stability.

Implementation of IMF Structural Benchmarks

For the third review, Ukraine met all four structural benchmarks:

- 1) reviewed the current PIM procedures and developed a roadmap of measures;
- 2) adopted the National Revenue Strategy;
- 3) adopted legislation to strengthen the institutional autonomy and effectiveness of the SAPO;
- 4) prepared short-term revenue measures (tax and non-tax) with yields of at least 0,5 % of GDP (approx. UAH 38,2 billion) ready to be included in the 2024 budget.

Now, after the third review, the EFF programme contains 35 structural benchmarks and 21 structural benchmarks have already been met: 5 were met for

the first review on 29.06.2023, and 12 were met for the second review on 11.12.2023 and 4 were met for the third review on 21.03.2024.

For the fourth review – scheduled for mid-June 2024 – we have 3 Structural Benchmarks.

If the formulation of economic policy and its implementation is seriously hampered by a lack of coordination between line ministries, the Ministry of Finance and/or the central bank, it should be noted here.

All aspects and procedures of interdepartmental interaction and coordination of the formation and implementation of economic policy are regulated by current legislation.

Present the policy response to COVID-19 (emergency and economic recovery packages, other measures) and requests for international loans.

In order to minimize the negative impact of the COVID-19 pandemic on the country's economy, the Government has adopted the State Program to Stimulate the Economy to Overcome the Negative Effects of Restrictive Measures to Prevent the Occurrence and Spread of the Acute Respiratory Disease COVID-19 Caused by the SARS-CoV-2 Coronavirus for 2020-2022 years, and the Plan of measures for its implementation (approved by Government Resolution No. 534 of May 27, 2020). The program included: 1) short-term initiatives to overcome the negative consequences associated with COVID-19; 2) support of the economy by functional areas (support of SMEs; international trade, investments and innovations; job creation; reasonable regulation of economic activity); 3) support of economic sectors (industry, agriculture, energy, infrastructure, IT, services).

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

Additional reforms are needed to further guarantee the transparency of public finances, as well as prevent interference from vested interests, fight corruption, strengthen the rule of law, and improve the business environment.

In 2023, the Government's policy on deregulation and improvement of the business environment was continued, in particular:

- the Interdepartmental Working Group on the Issues of Accelerated Review of State Regulatory Instruments of Economic Activity was formed (January 2023), the result of which work in the reporting period was the cancellation of more than 100 state regulatory instruments;

- continued and expanded government programs that facilitate access to financing for business entities (in particular, "Affordable loans 5-7-9%", "eRobota", "Affordable factoring");

- in order to stimulate the attraction of foreign and domestic investments, the requirements for investment projects with significant investments were simplified, the forms of state support for the implementation of such projects were expanded, and state incentives were provided for the arrangement and operation of registered industrial parks.

In order to support the economic, social and financial stability of Ukraine, the European Union introduced a new financial instrument - the Ukraine Facility program in the amount of EUR 50 billion for 2024-2027 within the framework of the EU's multi-year financial perspective for 2024-2027, which will operate in accordance with the Regulation of the European Parliament and the Council (EU) No. 2024/792 dated 29.02.2024.

For the implementation of the first component of the Ukraine Facility, the Government ensured the preparation of the Plan of Ukraine, which was approved by the Cabinet of Ministers of Ukraine order No. 244-r dated 18.03.2024 and was officially handed over to the European Commission for evaluation on 20.03.2024 for further approval by the committee of EU member states, after which the Ukraine Facility instrument will finally enter into force.

The plan of Ukraine contains a list of reforms aimed at achieving the goals of the Ukraine Facility, measures (conditions) for their implementation and relevant indicators, the achievement of which will be a condition for EU financial payments during 2024-2027.

The plan is divided into 15 sectoral sections, each of which contains a set of reforms and, if necessary, investments. In particular, the Plan envisages the implementation of reforms in such areas as: state finance management; judiciary; fight against corruption and money laundering; financial markets; business environment, etc.

The Ukraine Facility provides for exceptional bridge financing to ensure the fastest possible flow of funds to Ukraine.

For this purpose, on 12.03.2024, Ukraine signed a Memorandum of Understanding between Ukraine as the Borrower and the European Union as the Creditor, as well as the corresponding credit agreement.

Ukraine received the first tranche of transitional financing in the amount of 4.5 billion euros in March 2024, the second tranche of 1.5 billion euros is expected in April of this year after the assessment of the fulfillment of the five indicators necessary for this.

MACROECONOMIC STABILITY

**Additional update of the information previously provided by Ukraine
in the framework of the 2023 Enlargement Package**

Key economic indicators	2013 - 2018 aver age	2019	2020	2021	2022	2023	2024 (1 q)
GDP per capita (% €S-27 in PPP)	29,3	28,9	29,7	29,2	23,3	x	x
GDP growth,% compared to the previous year	98,5	103,2	96,2	103,4	71,2	105,3	x
The level of economic activity of the population of 15-70 years (%); total	62,8	63,4	62,1	61,8	x	x	x
women	56,6	57,5	56,3	56,1	x	x	x
men	69,5	69,9	68,5	68,1	x	x	x
Unemployment rate; population 15-70 years (%) total	8,9	8,2	9,5	9,9	x	x	x
women	7,4	7,9	9,1	10,2	x	x	x
men	10,1	8,5	9,9	9,6	x	x	x
Employment of the population aged 15-70 years (annual growth%)	-3,6	1,3	-4,0	-1,9	x	x	x
women	-3,6	0,2	-4,0	-2,6	x	x	x
men	-3,6	2,4	-4,0	-1,3	x	x	x
Nominal salary (annual increase%)	19,5	18,4	10,4	20,9	5,9	17,5	x

Key economic indicators	2013 - 2018 aver age	2019	2020	2021	2022	2023	2024 (1 q)
Consumer price index (annual growth%)	116, 7	104, 1	105, 0	110, 0	126,6	105,1	101,2
Exchange rate against euro, UAH	23,5 0	28,9 5	30,7 9	32,3 1	33,98	39,56	41,46
Current account balance (% of GDP)	-2,8	-2,7	3,4	-1,9	4,9	-5,2	x
Net foreign direct investment, FDI (% of GDP)	2,2	3,4	-0,04	3,8	0,1	2,4	x
Public administration balance,% of GDP	-2,7	-2,1	-5,6	-3,6	-15,5	x	x
Public debt,% of GDP	57,1	44,3	53,5	43,3	70,9	79,4	x

x - no data available

Source: State Statistics Service of Ukraine, calculations of the Ministry of Economy, Ministry of Finance, NBU, World Bank

General approach: Assess and take a view on the state of macroeconomic stability. Under each sub-section assess recent developments with respect to a longer-term perspective (5 years). Highlight long-standing obstacles (e.g. over reliance on remittances, non-independent central bank, unsustainable sources of growth etc.) that may have a lasting effect on long-term macroeconomic stability in addition to an assessment of developments in the previous year/previous 12 months (year t-1). Recent developments should be assessed according to how they contribute to fulfilling the sub criterion. This sub criterion should be assessed by looking at the following four areas:

1. Assess the evolution of real GDP growth and its breakdown by expenditures focusing on the last 5 years; mention the extent to which sources of growth (domestic/external) have changed. Report the impact of the crisis, structural weaknesses and main transmission channels such as dependence on tourism, remittances. If useful for the storyline, mention high frequency output indicators to describe recent developments (e.g. industrial production, retail trade, construction, etc.). Mention long-term developments in the average per-capita

income in purchasing power standards as a percentage of the EU28 average and in the income and wealth inequalities.

During 2019-2023, the development of Ukraine took place under the influence of various factors, both dependent on the conduct of economic policy within the country and on external unpredictable force majeure circumstances (the COVID-19 pandemic and the war of the Russian Federation in Ukraine).

In 2019, despite the consequences of the temporary loss of control over certain territories of Ukraine, there was a consolidation of growth trends begun in 2016. GDP growth in 2019 by 3.2% was supported by high consumer activity of households and investment activity of enterprises, as well as intensive export growth.

In 2020, as a result of a reduction in both total domestic (contribution to GDP -4.5 pp) and external demand (export contribution to GDP -2.4 pp) due to restrictions caused by the COVID-19 pandemic, GDP fell by 3.8%. Characteristic features of the time were a change in the patterns of behavior of all economic entities in the conditions of the introduction of sanitary and epidemiological measures, the release of labor resources, a decrease in the intensity of financial flows, production activity and welfare of the population. The deepest component of demand was the fall in investment (by 21.4% compared to the level of 2019, and as a share of GDP, gross fixed capital formation accumulation (GFCF) decreased to 13.4% compared to 17.6% in 2019).

In the context of the main types of economic activity (TEA), the greatest negative losses from the pandemic suffered: passenger transport, tourism, hotel and restaurant business, creative industry. In particular, in 2019, the share of these EDs was 8.2%, and already in 2020 7.5%, the contribution to GDP in 2019 - plus 0.37 pp and minus 0.15 pp in 2020.

In 2021, activity gradually recovered, with GDP increasing 3.4%. Active expansion of domestic consumer demand was the driver. Not the last role in the recovery of demand and production activity was played by business and population support programs introduced by the government in response to the pandemic.

Ukraine ended 2021 with a historically record nominal GDP of almost \$200 billion (or 169 billion euros), which, according to Eurostat, is more than the GDP in 2021: Hungary (154 billion euros), Slovakia (100 billion euros), Bulgaria (71 billion euros) and was close to the GDP of Greece (182 billion euros). But in real terms, even in comparable values (excluding the temporarily occupied territory of the Autonomous Republic of Crimea, Sevastopol, and part of the temporarily occupied territories in Donetsk and Luhansk regions), GDP in 2021 was still 6 percentage points lower than GDP in 2013 - the year of the beginning of the war of the Russian Federation against Ukraine.

The fact is that the basis for sustainable long-term growth was undermined by the war. Initially, the military aggression of the Russian banking system has ceased to take an active part in the financing of investment processes in Ukraine. In

the period 2014-2017, the share of bank loans and other loans in financing capital investments decreased by more than 2 years. from 13.9% in 2013 to 6.6% in 2017. With the onset of the pandemic, it fell to 5% in 2021. Accordingly, the share of gross fixed capital continued to fall to 13.2% of GDP. With this level of investment, long-term sustainable economic growth was unlikely. But in early 2022, the economy had every chance to continue to grow in the perspective of 2-3 years with a possible resumption of further participation of the financial system in investing due to positive business expectations in the context of the NBU's implementation of the inflation targeting policy.

But Ukraine once again suffered catastrophic changes and multi-billion dollar losses from full-scale armed aggression of the Russian Federation.

According to the results of the updated report of the World Bank "Rapid Damage and Needs Assessment" (RDNA3), following almost two years of war as of 31.12.2023, direct losses of Ukraine are estimated at the level of almost 152 billion US dollars. USA (the sectors of housing and communal services, transport, energy, agriculture, trade and industry were the most affected); more than 499 billion US dollars. US economic losses. Ukraine's needs for reconstruction and restoration are estimated at almost 486 billion US dollars. USA.

About 29% of the population were forced to leave their homes (according to the UN, as of March 14, 2024, 6.486 million refugees from Ukraine were recorded in the world, 5.983 million refugees were recorded in Europe, according to the Ministry of Social Policy as of April 1, 2024, about 4.8 million citizens received the status of internally displaced persons), which, accordingly, affected the decrease in consumption, loss of jobs (as of October 2022 - 2.4 million jobs) and caused a decrease in the purchasing power of the population (according to the UN, almost 30% of Ukrainians may be below the poverty line).

With the beginning of a full-scale military invasion of the Russian Federation on the territory of Ukraine, the activity of sea transport routes was blocked, limiting access to world markets for the Ukrainian economy.

But despite the terrible challenges, thanks to international financial assistance, Ukraine's economy has once again readjusted and adapted to the conditions of war.

Compared to 2021, in 2022-2023, the share of the state in the economy increased, which began to play the role of a key economic driver through the financing of defense and security, social protection, and business assistance. By the end of 2023, the share of final consumer spending of the general government sector increased to 41.7% of GDP from 17.7% in 2021. The priority of the wartime economy was also the financing of investments in the defense-industrial complex and in the restoration of destroyed infrastructure at the expense of significant capital expenditures from the budget and various government credit and grant programs to support business.

That is the state, thanks to international financial support, took over the market functions of capital redistribution, which are not effectively implemented in conditions of war and high risks (including pandemic ones). Thanks to this, the share of the GFCF by the end of 2023 increased to 16.9% of GDP (the level of pre-war 2013).

Also, the armed aggression of the Russian Federation changes the sectoral profile of the economy. In particular, due to the significant losses of the metallurgical industry, which has suffered significant destruction of enterprises, their temporary occupation, most of all suffers from blocked logistics (a decrease in metallurgical production by 62.4% in 2022), as well as the energy industry, which has already experienced one wave and is now experiencing a second wave of energy terror from the Russian Federation, these TEAs are losing their leading positions to other sectors. In particular, the war accelerated the development of more high-tech and higher value-added industrial activities, in particular engineering, whose share in the structure of industrial sales increased to 6.9% in 2023 compared to 5.7% in 2021.

Thus, despite the difficult conditions, the economy takes on the features of a war economy, business adapts and, returning to work, resumes foreign trade operations, improves its expectations for the future, taking into account its own strength and the Government's assistance provided by international financial support.

In 2023, around USD 42.5 billion was received, including \$19.4 billion from the EU. In 2022, approximately USD 32.5 billion was received, including USD 7.7 billion from the EU. International assistance allowed compensating for market failures and lost demand due to migration and logistic issues.

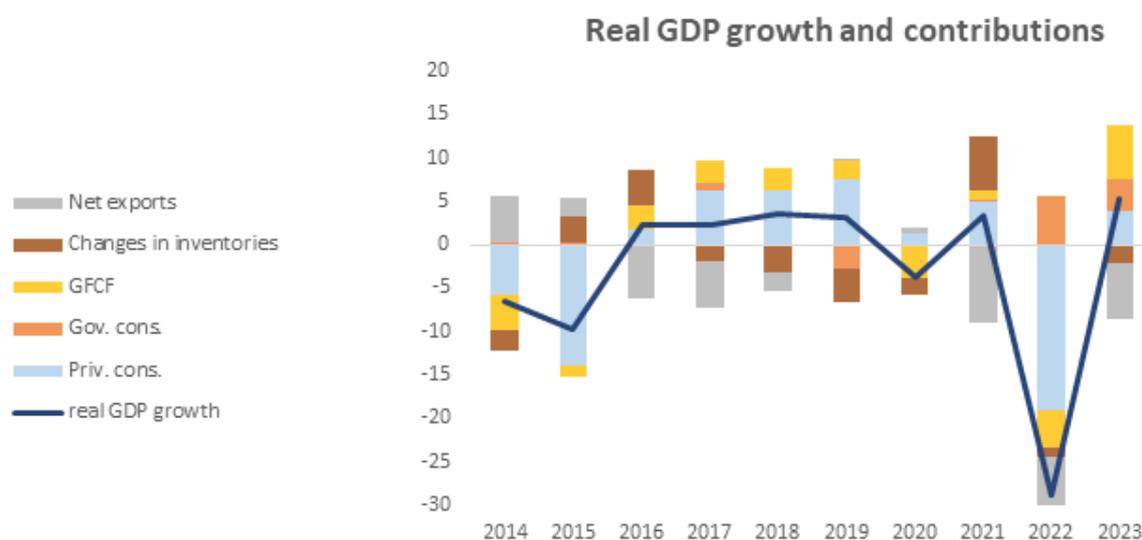
As a result, after a fall in GDP in 2022 of 28.8%, in 2023 GDP growth was 5.3%. And if in 2022 the investment sector suffered the most, in particular the index of construction products decreased by 64.8%, while the index of industrial products decreased by 36.7%, the index of agricultural products - by 25%, the share of final consumer spending of households in GDP decreased to 62.7% compared to 68.2% in 2021, and gross fixed capital - up to 11.9% compared to 13.2% in 2021, then in 2023 investment demand turned into one of the key growth factors, formed by significant budget financing for the restoration of damaged critical infrastructure due to hostilities and capital reconstruction, as well as the production of investment products (primarily military-industrial complex). The growth of consumer demand was supported by a balanced social policy and the implementation of state programs to stimulate employment, entrepreneurship, and support for IDPs. High yields of agricultural products allowed to obtain a high yield of grain crops in 2023. There was an increase in production capacity in the mining industry. In the energy sector, a stable situation has developed due to operational repairs. Domestic railway transportation and processing of goods in seaports of individual products of the agro-industrial complex and MMC increased.

However, access to global commodity markets during 2022-2023 was still significantly limited, which is why the contribution of exports to GDP in 2022 and

2023 was negative. Seaports for the export of agricultural products was unblocked only in July 2022 by the Grain Agreement, from which the Russian Federation withdrew in May 2023, after which in August the release took place by the Armed Forces of Ukraine. Since 2022, for the first time in history, there have been no duties or quotas on exports to EU countries. At the same time, Ukraine had to face a ban on the export of Ukrainian agricultural products, first from May 2023 to September by the European Commission (from Ukraine to Poland, Hungary, Bulgaria, Romania and Slovakia), and then, after its expiration, with the preservation of restrictions by individual countries, the use of non-tariff restrictions and blocking Ukrainian cargo at customs checkpoints.

But despite new challenges, Ukraine's economy began to recover. The nominal volume of GDP in 2023 is estimated at the level of almost 179 billion US dollars (or about 165 billion euros).

The risks are still extremely high, in particular the uncertainty about the duration of the war and the likelihood of new challenges for the country.



Source: State Statistics Service of Ukraine, calculations of the Ministry of Economy

2. Assess developments of the external accounts, focusing on the last 5 years (trade, services, income and transfer balances where this information seems relevant because of i.e. large remittances), financing of current account deficit (main financial accounts balances); evolution of external debt and international reserves (use standard indicators). Figures should be presented only in % of GDP. Depending on data availability, mention the ratio of foreign reserves to short term debt. Report import coverage in 2021 and 2022 Q1, including both (imports of goods and services).

Thanks to external support and the NBU's consistent policy, Ukraine's international reserves increased by 42% in 2023, to USD 40.5 billion. Ukraine has international reserves of USD 43.8 billion, according to preliminary data available on 1 April 2024. In March, the reserves increased by 18%. Such trends were driven by massive inflows (over USD 9 billion) from international partners, which exceeded the NBU's net FX sales and Ukraine's FX debt repayments.

3. *Assess the evolution of the monetary and exchange rate policy framework and its effects on price stability, focusing on the last 5 years. Briefly assess trends in the behaviour of key monetary aggregates, inflation (incl. core inflation) and the exchange rate. Clearly state when there is a difference between the announced exchange rate policy and the actual practice. If relevant, refer to the developments in credit growth in the context of macroeconomic stability, e.g. if deleveraging led to "credit constraints". Assess monetary policy measures taken by the central bank, e.g. to ensure price stability, stabilise exchange rates etc., and their effectiveness and assess the implication on long-term macroeconomic stability. Indicate what measures the central bank has undertaken in response to the pandemic.*

The NBU's monetary policy is primarily aimed at maintaining exchange rate sustainability. The sustainability of the FX market is being ensured through the NBU's active FX interventions, the retention and calibration of a number of administrative restrictions on FX transactions, the tightening of financial monitoring and currency control, and the cessation of monetary financing from the start of 2023.

The prudent and consistent interest rate policy – which is, in particular, aimed at supporting sufficient real yields on term hryvnia instruments – remains an important element of ensuring exchange rate sustainability. To this end, the key policy rate, which was raised to 25% in June 2022, remained unchanged until July 2023.

In order to enhance monetary transmission and thus to improve the attractiveness of hryvnia term deposits, the NBU on 7 April 2023 changed the operational design of its interest rate policy. In particular, the NBU introduced transactions to place three-month certificates of deposit at an attractive interest rate with limits being linked to volumes of the banks' portfolios of hryvnia retail deposits with initial term of three months and more and to successful growth in such portfolios. Afterwards, to encourage the banks to increase their portfolios of term deposits, the NBU repeatedly revised (in H2 2023 and in Q1 2024) the parameters of calculating limits for holdings and transactions with three-month certificates of deposit.

The progress in lowering inflation, accumulating large international reserves, and the capability to secure macrofinancial stability enabled the NBU to switch to the easing cycle of interest rate policy in July 2023: in several steps, the key policy rate was cut to 14.5% in March 2024, down from 25% in June 2023.

At the end of October 2023, in order to strengthen the role of the key policy rate as a monetary instrument, the NBU transitioned from the more widespread mid-corridor system to a modified floor-system-based operational design of interest rate policy. As a result of the transition, the Ukrainian Overnight Index Average (UONIA), which is the indicator of the level of hryvnia overnight interbank interest rates for the interest rate policy, and the key policy rate are almost equal. The majority of transactions between the banks and the NBU are made at the key policy rate. At the same time, the new operational design retains incentives to support the banks' competition for retail term deposits. In particular, the NBU continued to offer three-month certificates of deposit.

In order to strengthen monetary transmission and improve the attractiveness of term deposits, the NBU uses required reserve ratios. From 2023 onwards, the NBU allowed the banks to use benchmark domestic government debt securities to meet up to 50% of their total required reserve ratios, in line with the established list of international securities identification numbers.

If necessary, the NBU may also use other monetary policy instruments. The central bank may grant short-term and long-term refinancing loans by holding variable-rate tenders or fixed-rate tenders to support the banks' liquidity. The NBU announces in advance the schedule for holding tenders to support bank liquidity. The NBU can also hold ad-hoc tenders as necessary. The banking system's liquidity grew throughout 2023, so the banks did not need additional funding and repaid refinancing loans received at the start of the full-scale war.

From the onset of the full-scale invasion, on 24 February 2022, the NBU fixed the hryvnia's official exchange rate against the U.S. dollar and imposed a number of temporary administrative restrictions on FX transactions and cross-border movements of capital. These measures helped prevent panic, halted unproductive capital outflows, and contributed to a decrease in depreciation pressures.

In accordance with the Memorandum of Economic and Financial Policies signed with the IMF and so as to implement the Monetary Policy Guidelines for the Duration of Martial Law, the NBU Board approved the Strategy for Easing FX Restrictions, Transitioning to Greater Flexibility of the Exchange Rate, and Returning to Inflation Targeting (the Strategy) on 29 June 2023. According to the Strategy, exchange rate sustainability remains an important element of achieving the NBU's goals.

The situation in the foreign exchange market remained under control, and exchange rate fluctuations were moderate. The hryvnia exchange rate moved both in the direction of weakening and strengthening as the NBU adhered to the principles of managed flexibility. The NBU resumed its cycle of key policy rate cuts, while yields on hryvnia assets remained positive in real terms.

The sustainability of the FX market is being ensured through the NBU's active FX interventions, the retention and calibration of a number of administrative restrictions on FX transactions, the tightening of financial monitoring and currency control, and the cessation of monetary financing from the start of 2023. What is

more, maintaining sufficient real yields on hryvnia instruments thanks to the NBU's prudent and consistent interest rate policy was an important element in safeguarding exchange rate sustainability, both when the exchange rate was fixed (until October 2023), and especially after the transition to managed exchange rate flexibility.

As the right prerequisites are met, the NBU will continue to act as envisaged in the *Monetary Policy Guidelines for the Duration of Martial Law* and the Strategy, on the way to returning to a conventional inflation-targeting regime that simultaneously ensures the achievement of the central bank's long-term goals of price and financial stability and facilitates sustainable economic growth.

4. Assess fiscal developments over the past five years and the trends in the stance of fiscal policy. Present trends in the general government balance (surplus/deficit) using ESA2010 (where available), general government primary balance, breakdown of revenues and expenditures by broad categories, and the evolution of the general government debt, and assess implications for long-term macroeconomic stability, report the impact of COVID-19. Indicate the amount of emergency/ economic support packages and external loans as percentage of GDP. Assess the general quality of the composition of expenditures and flag problems (e.g. high share of wage bill or subsidies). If ESA2010 numbers show significant divergences with national numbers, flag this (and the main reason(s)) in a footnote. This chapter should also cover important recent fiscal and structural policy measures and their (likely) impact on the fiscal stance (e.g. tax rate changes, changes in expenditure policies, such as transfers and subsidies, etc.) as well as measures to enhance institutional capacity (e.g. budget management, revenue administration etc.). Assess the state of the fiscal framework (fiscal rule, fiscal council etc.), and whether it sufficiently underpins fiscal stability. (If needed, split into more than one paragraph)

Budget

The consolidated budget deficit (state and local budgets) for 2023 amounted to UAH 1331,5 billion, or 20,4% of GDP (nominal GDP for 2023 amounted to UAH 6537,8 billion according to the preliminary estimate of the State Statistics Service of Ukraine as of 28.03.2024). The state budget deficit for 2023 amounted to UAH 1336,9 billion, or 20,4% of GDP, against the limit approved by the Law on the State Budget of Ukraine for 2023 (as amended) in the amount of UAH 2010,4 billion, or 31,6% of GDP (the forecast nominal GDP for 2023 amounted to UAH 6370,1 billion according to the preliminary estimate of the Ministry of Economy as of 15.06.2023);

The consolidated budget deficit (state and local budgets) for January-February 2024 amounted to UAH 65,6 billion, including the state budget deficit of UAH 94,1 billion. The Law on the State Budget of Ukraine for 2024 sets the limit on the state budget deficit in the amount of UAH 1571,5 billion, or 20,6% of GDP (the forecast nominal GDP is UAH 7643,0 billion according to the resolution of the Cabinet of Ministers of Ukraine dated 15.12.2023 № 1315).

According to the information available at the Ministry of Finance for 2023, the ratio of public debt to GDP stands at 80.2%, while the ratio of external borrowings to GDP is 17.8%.

Small-scale privatisation

The main goal of privatisation is to accelerate economic growth, attract foreign and domestic investments, and reducing the share of state ownership in the structure of the Ukrainian economy by selling privatisation objects to an efficient private owner.

One of the main tasks of the SPFU is to implement the state policy in the fields of privatisation, lease, using and alienation of state property.

All objects scheduled for privatisation are sold exclusively through auctions on ProZorro.Sale system, which is based on the principles of full transparency - the entire sale process is public and open.

The lists of small-scale privatisation objects subject to privatisation were approved by the SPFU Order dated 04.01.2022 No. 1 “On Approval of the Lists of Small-scale Privatisation Objects Subject to Privatisation (as amended)”.

As of 1 January 2024, 1,453 objects were included in the list of small-scale privatisation objects subject to privatisation.

During 2023, the SPFU announced 892 auctions for the sale of small-scale privatisation objects, of which 414 auctions were successful for a total amount of UAH 2,823.68 million, which allowed fulfilling the target for privatisation proceeds by 122.7%.

In total, UAH 3,154.44 million was transferred to the state budget from small-scale privatisation in 2023 (including proceeds from the sold objects in the second half of 2022).

During the period from 1 January 2024 to 31 March 2024, the lists of small-scale privatisation objects were supplemented with 120 objects, and 166 objects were removed from the lists of small-scale privatisation objects.

Thus, as of 31 March 2024, the lists of small-scale privatisation objects include 1,407 objects.

In accordance with the Law of Ukraine “On the State Budget of Ukraine for 2024”, the target for the proceeds from the privatisation of state property is set at UAH 4,000 million.

For the period from 01 January 2024 to 31 March 2024, UAH 607.53 million was transferred to the state budget of Ukraine from the privatisation of state property and other revenues directly related to the privatisation process.

Large-scale-privatisation

The Order of the Cabinet of Ministers of Ukraine dated 16 January 2019 No. 36-r “On Approval of the List of Large-scale Privatisation of State Property” approved the list of large-scale privatisation of state property. As of 31.03.2024, the List included 18 objects, among which, in particular, the Fund plans to sell state-owned stakes in the following companies in 2024:

1. State-owned stake in JSC UMCC in the amount of 100.00 per cent;
2. State-owned stake in Investment Union Lybid LLC (Ocean Plaza shopping mall) in the amount of 66.65 per cent.

Regarding bankruptcy procedures for public sector entities

Statistical data on the number of state-owned enterprises and business entities that were in some kind of bankruptcy procedure **as of 01.01.2023**:

Governing body	Number of business entities subject to bankruptcy proceedings with a state-owned share exceeding 50 per cent in their authorised capital (pcs.)			
	in total, incl.:	in the procedure of property disposal	in the rehabilitation procedure	in the liquidation procedure
SPFU Central Office	3	1	1	1
SPFU Regional Offices	23	1	4	18
	Number of state-owned enterprises subject to bankruptcy proceedings			
SPFU Central Office	22	6	4	12
SPFU Regional Offices	2	0	0	2
	Total number of state-owned enterprises and business companies under the SPFU management			

SPFU Central Office	29	7	5	17
SPFU Regional Offices	41	3	7	31

Statistical data on the number of state-owned enterprises and business entities that were in some kind of bankruptcy procedure **as of 01.01.2024**:

Governing body	Number of business entities subject to bankruptcy proceedings with a state-owned share exceeding 50 per cent in their authorised capital (pcs.)			
	in total, incl.:	in the procedure of property disposal	in the rehabilitation procedure	in the liquidation procedure
SPFU Central Office	3	1	0	2
SPFU Regional Offices	21	0	4	17
	Number of state-owned enterprises subject to bankruptcy proceedings			
SPFU Central Office	84	17	9	58
SPFU Regional Offices	j	0	0	2
	Total number of state-owned enterprises and business companies under the SPFU management			
SPFU Central Office	91	18	9	64

SPFU Regional Offices	35	2	6	27
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The increase in the number of enterprises under the SPFU's management in 2023 in respect of which bankruptcy cases were opened is explained by the transfer of a significant number of public sector entities to the SPFU's management pursuant to the relevant orders of the Cabinet of Ministers of Ukraine.

In 2023, at the request of the SPFU, 13 bankruptcy proceedings against these enterprises were closed, including in connection with decisions on their privatisation (for comparison, in 2022, only one bankruptcy case was closed).

In addition, the SPFU has also developed a draft Procedure for approving the terms of sale of bankruptcy property as single property complexes belonging to the management of the SPFU.

Regarding the procedure for liquidation of public sector entities

Statistical data on the number of state-owned enterprises that were in the process of liquidation **as of 01.01.2023:**

Number of companies in liquidation process		
In total, incl.:	In the SPFU Central Office management	In the SPFU Regional Offices management
203	175	28

Statistical data on the number of state-owned enterprises that were in the process of liquidation **as of 01.01.2024:**

Number of companies in liquidation process		
In total, incl.:	In the SPFU Central Office management	In the SPFU Regional Offices management
421	407	14

The increase in the number of enterprises in liquidation under the SPFU's management in 2023 is due to the transfer of a significant number of public sector entities to the SPFU's management pursuant to the relevant orders of the Cabinet of Ministers of Ukraine.

Changes in Tax Rates

As part of implementing the Extended Fund Facility (EFF) program for Ukraine, approved by the IMF Board of Directors on March 31, 2023, to ensure macroeconomic and financial stability during and after martial law, maintain revenue mobilization levels during martial law, and strengthen revenue mobilization after its termination, as well as adapt Ukrainian legislation to that of the European Union, Ukraine adopted the National Revenue Strategy. This Strategy defines the key principles and objectives of tax policy and administration in the short term and during post-war reconstruction.

One of the issues addressed by this Strategy is the need to introduce temporary measures to raise tax revenues to overcome crisis phenomena, which specifically involves introducing excess profits taxation for enterprises that will be able to generate significant excess profits by taking advantage of the special circumstances of post-war recovery.

This approach is based on the international experience of countries that have faced the necessity of introducing temporary measures to raise tax revenues to overcome crisis phenomena.

Therefore, to broaden the tax base, the Verkhovna Rada of Ukraine adopted Law № 3474-IX «On Amendments to the Tax Code of Ukraine regarding Peculiarities of Taxation of Banks and Other Taxpayers» on November 21, 2023. This law increased the corporate income tax rate for banks from 18 % to 50 % for taxation of profits earned from their activities in 2023 results. The increased tax rate of 25 % for banks will continue to apply starting from January 1, 2024.

Over the past 5 years, the VAT rates have remained unchanged. In accordance with Article 193 of the Tax Code of Ukraine (hereinafter referred to as the TCU), the standard VAT rate is 20%. The VAT rates for certain types of transactions are 0%, 7%, and 14%. Meanwhile, the 0% VAT rate applies to exports of goods (Article 195 of the TCU).

FUNCTIONING OF PRODUCT MARKETS

BUSINESS ENVIRONMENT

Regarding regulatory business environment (including regulation of property rights aspect)

On July 14, 2023 the Verkhovna Rada of Ukraine adopted the Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine on the Regulation of Activities of Separate Subdivisions of a Legal Entity Formed in Accordance with the Law of a Foreign State”, which entered into force on September 3, 2024. The Law implements the provisions of Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of corporate law (Codification), in particular regarding the rules for disclosure of information applicable to branches of companies from other Member States by entering information on such separate divisions into the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations, as well as making it publicly available.

Besides, the aforesaid Law will ensure the creation of a favorable legislative framework in Ukraine for the opening and operation of separate divisions of companies established in accordance with the laws of foreign states, namely by:

1. harmonizing Ukrainian legislation with European standards;
2. introducing an open, transparent and fast state registration procedure;
3. simplifying business processes through elimination of gaps in the legal determination of their statuses;
4. introducing effective, quick and simple procedure for termination of activities of the aforesaid entities;
5. facilitating foreign investment in Ukraine, improving the attractiveness of the Ukrainian market and protecting investor interests;
6. improving the image of Ukraine as a reliable and predictable business partner.

At the end of June 2023, Ukraine launched a service for state registration of termination of individual entrepreneurs in an automatic mode, i.e. without the participation of the state registration entity.

In order to introduce a qualitatively new model of regulation of credit unions in Ukraine, which takes into account the provisions of EU directives, the Verkhovna Rada of Ukraine adopted the Law of Ukraine “On Credit Unions” No. 3254-IX dated July 14, 2023, which, among other things, amended the Code of Ukraine on Bankruptcy Procedures in respect of credit unions and non-bank institutions and ensured access to and exit from the market for this category of debtors from January 01, 2024.

Regarding bankruptcy initiatives

On July 13, 2023 the Verkhovna Rada of Ukraine adopted the Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine on Certain Issues of Bankruptcy Proceedings and Application of Bankruptcy Procedures during the Period of Martial Law” under No. 3249-IX, which was signed by the President of Ukraine on July 26, 2023 and entered into force on July 29, 2023. This Law, in particular, regulates the procedure for obtaining information by an insolvency officer necessary for the exercise of powers in bankruptcy (insolvency) cases by introducing the institution of the insolvency officer's request.

A draft Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine on Improving Preventive Procedures and Preventing Bankruptcy” has been developed and submitted by the Cabinet of Ministers of Ukraine to the Verkhovna Rada of Ukraine under No. 10228 on November 08, 2023.

In addition, the Members of Parliament of Ukraine developed and submitted a draft Law of Ukraine No. 10143 dated October 12, 2023 “On Amendments to the Bankruptcy Code of Ukraine and Other Legislative Acts of Ukraine on the Implementation of Directive 2019/1023 of the European Parliament and of the Council of the European Union and the Introduction of Preventive Restructuring Procedures”.

These draft laws are aimed at improving the bankruptcy legislation of Ukraine, taking into account the basic principles of the European Union Directive 2019/1023 on a framework for preventive restructuring, debt relief and disqualification, and measures to improve the efficiency of procedures related to restructuring, insolvency and debt relief, and their adoption will result in the identification of additional opportunities to restore the solvency of companies, promote early detection of signs of crisis and take preventive measures availability of information for companies on insolvency prevention and early warning mechanisms.

The draft laws are currently being prepared for consideration by the Verkhovna Rada of Ukraine in the first reading.

At the same time, in pursuance of paragraph 32 of the Work Plan of the Ministry of Justice of Ukraine for 2023, the Roadmap for Capacity Building Activities to Support the Implementation of the Bankruptcy Code of Ukraine was developed and approved by the Order of the Ministry of Justice of Ukraine No. 3427/5 dated September 26, 2023. The Roadmap is aimed at ensuring organizational measures related to improving the professional level and integrity of insolvency receivers, ensuring proper judicial education, and raising awareness of bankruptcy procedures among various categories of stakeholders.

Also, on February 07, 2024, the Verkhovna Rada of Ukraine adopted the Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine on Restoring Solvency of Certain State-Owned Enterprises in the Energy Sector in Critical Condition” No. 3577-IX, which restricts the opening of bankruptcy cases, the application of bankruptcy procedures, the resolution of the issue of fulfillment of

obligations and/or exit from the market of the relevant categories of debtors.

Statistic information on the number of companies in bankruptcy proceedings

For the period between January 01, 2023 and March 31, 2024, 1034 bankruptcy cases were opened against legal entities, of which 546 were subject to liquidation, among which:

- for the period between January 01, 2023 and December 31, 2023: 836 bankruptcy cases were opened against legal entities, of which 530 were subject to liquidation;
- for the period between January 01, 2024 and March 31, 2024: 198 bankruptcy cases were opened against legal entities, of which 16 were subject to liquidation.

In total, between January 1, 2023, and March 31, 2024, 647 private enterprises and 8 state-owned enterprises and enterprises with a share of state ownership exceeding 50 percent were liquidated, among which:

- for the period between January 01, 2023 and December 31, 2023: 506 private enterprises and 7 state-owned enterprises and enterprises with a share of state ownership exceeding 50 percent were liquidated;
- for the period between January 01, 2024 and March 31, 2024: 141 private enterprises and 1 state-owned enterprises and enterprises with a share of state ownership exceeding 50 percent were liquidated.

In total, as of April 01, 2024, bankruptcy (insolvency) proceedings were opened against 4713 debtors (2019: 3515 debtors), including 189 state-owned enterprises and enterprises with a state-owned share of more than 50 percent in the authorized capital and 1133 individuals.

Information in the context of bankruptcy (insolvency) procedures:

- property disposal - 715;
- financial rehabilitation - 143;
- liquidation - 2722;
- restructuring of debts of an individual debtor - 862;
- repayment of debts of an individual debtor - 271.

The military aggression of the Russian Federation from the beginning of 2022 undoubtedly affected the decline in entrepreneurial activity.

During a year of full-scale war, many Ukrainian businesses went from deep shock, numbness and destruction of all plans for the future to gradually resuming work, implementing more adaptive business models, using new logistics schemes, supporting staff and the communities in which they work. The business has

demonstrated stability, willingness to adapt and has become more social, including due to volunteering.

In general, the rate of registration of new businesses has decreased by at least 30%, which may subsequently have a significant impact on tax revenues, as well as the volume of daily financial transactions, resource base and interest income of the banking sector.

Regarding the electronic court

On June 29, 2023 the Verkhovna Rada of Ukraine adopted Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine on Mandatory Registration and Use of Electronic Accounts in the Unified Judicial Information and Telecommunication System or its Separate Subsystem (Module) Enabling Document Exchange” No. 3200-IX, which entered into force on October 18, 2023.

The purpose of this Law is to introduce mandatory registration and use of electronic accounts in the Unified Judicial Information and Telecommunication System by representatives of legal professions, state authorities, local governments and legal entities. Thus, the aforesaid Law amended, inter alia, the Civil Procedure Code of Ukraine, the Commercial Procedure Code of Ukraine and the Code of Administrative Procedure of Ukraine, according to which lawyers, notaries, public and private executors, insolvency officers, forensic experts, public authorities and other state bodies, local government and other legal entities are required to register their electronic accounts in the Unified Judicial Information and Telecommunications System or its separate subsystem (module), which provides for the exchange of documents.

Other persons register their electronic accounts in the Unified Judicial Information and Telecommunication System or its separate subsystem (module) that provides for the exchange of documents on a voluntary basis.

At the same time, the provisions of the aforesaid Law stipulate that if a person, who is obliged to register an electronic cabinet and has not fulfilled his or her obligation, goes to court, the documents of such a person should be left without movement or returned without being accepted by the court, depending on the type of procedural document.

• Assess the institutional/regulatory environment relevant for the functioning of markets, including the regulation of property rights, the effectiveness of alternative dispute resolution mechanisms where they exist, and whether laws and contracts can be effectively enforced. Assess whether property rights are firmly and clearly established and their transferability (in particular real estate, existence of land registry)

Regarding the regulation of property rights

According to the Constitution of Ukraine, everyone has the right to possess, use and dispose of their property and the results of their intellectual and creative activity. Citizens may use objects of state and municipal property to meet their needs. No one can be unlawfully deprived of the right to property. The right to private property is inviolable. The expropriation of private property may be applied only as an exception for reasons of social necessity, on the basis and in accordance with the procedure established by law, and subject to prior and full compensation of their value. Compulsory alienation of such objects with subsequent full compensation of their value is allowed only in the conditions of martial law or a state of emergency.

Confiscation of property may be applied only by court decision in cases, to the extent and in the manner prescribed by law. The use of property may not harm the rights, freedoms and dignity of citizens, the interests of society, or worsen the environmental situation and natural qualities of the land (Article 41). The main act of civil legislation of Ukraine is the Civil Code of Ukraine (hereinafter - the Code) (part two of Article 4 of the Code). Book Three of the Code deals with property rights and other real rights. Article 318(1) of the Code states that the subjects of property rights are the Ukrainian people and other participants in civil relations as defined in Article 2 of the Code, namely: individuals and legal entities (hereinafter referred to as "persons"), the State of Ukraine, the Autonomous Republic of Crimea, territorial communities, foreign states and other subjects of public law.

According to part two of this article, all subjects of property rights are equal before the law. Certain restrictions should be noted. According to part two of Article 325 of the Code, individuals and legal entities may own any property, except for certain types of property that cannot be owned by them under the law. Thus, Article 13 of the Constitution of Ukraine and Article 324 of the Code provide that land, its subsoil, atmospheric air, water and other natural resources located within the territory of Ukraine, natural resources of its continental shelf, exclusive (maritime) economic zone are the objects of ownership of the Ukrainian people. On behalf of the Ukrainian people, the rights of the owner are exercised by state authorities and local self-government bodies within the limits established by the Constitution of Ukraine. Pursuant to part five of Article 22 of the Land Code of Ukraine, acquisition of agricultural land plots is subject to the requirements of Article 130 of this Code.

Article 130 of the Land Code of Ukraine stipulates that the following persons may acquire ownership of agricultural land plots:

a) citizens of Ukraine

b) legal entities of Ukraine established and registered under the laws of Ukraine, whose participants (shareholders, members) are only citizens of Ukraine and/or the state, and/or territorial communities;

c) territorial communities;

d) the state itself.

Thus, the Land Code of Ukraine effectively prohibits foreigners, stateless persons and legal entities, other than legal entities established and registered under the laws of Ukraine, whose participants (shareholders, members) are only citizens of Ukraine and/or the state and/or territorial communities from acquiring ownership of agricultural land plots. In addition, pursuant to part four of Article 81 and part three of Article 82 of the Land Code of Ukraine, agricultural land inherited by foreigners, as well as stateless persons and legal entities that are not allowed to acquire ownership of such land under this Code, is subject to alienation within one year.

If, in accordance with the law, the owner of a land plot is obliged to alienate it within a certain period of time and the land plot has not been alienated within such period, such land plot is subject to confiscation by a court decision. A claim for the confiscation of a land plot is filed with the court by the body exercising state control over the use and protection of land. The confiscated land plot is subject to sale at a land auction by court decision. The price of a land plot sold at a land auction, less expenses related to its sale, is paid to its former owner (parts two and four of Article 145 of the Land Code of Ukraine).

In addition, Article 130 of the Land Code of Ukraine establishes restrictions on the total area of agricultural land plots that may be owned by a citizen of Ukraine or a legal entity (except for banks), namely:

- the total area of agricultural land owned by a Ukrainian citizen may not exceed ten thousand hectares;

- the total area of agricultural land plots owned by a legal entity owned by a legal entity (except for banks) may not exceed the total area of agricultural land plots that may be owned by all its participants (members, shareholders), but not more than ten thousand hectares.

Banks, foreigners, stateless persons and legal entities may acquire ownership of agricultural land plots with restrictions (under certain conditions), namely:

- banks may acquire ownership of agricultural land plots only by way of foreclosure on them as collateral and subject to their alienation at land auctions within two years from the date of acquisition of ownership;

- only from the date and subject to approval of the relevant decision by referendum foreigners, stateless persons and legal entities may acquire shares in the authorized (share) capital (except for the authorized (share) capital of banks) that own agricultural land

- only from the date and subject to approval of the relevant decision by referendum.

Under any circumstances, including in case of approval of the relevant decision at a referendum, the acquisition of ownership of agricultural land plots for the category of persons specified in Article 130 of the Land Code of Ukraine is prohibited. The grounds for compulsory termination of rights to a land plot are set

forth in Article 143 of the Land Code of Ukraine.

Pursuant to part two of Article 81 of the Land Code of Ukraine, foreigners and stateless persons may acquire ownership of non-agricultural land plots within settlements, as well as non-agricultural land plots outside settlements where real estate objects belonging to them are located.

According to part two of Article 82 of the Land Code of Ukraine, legal entities established and registered in accordance with the laws of a foreign country may acquire ownership of non-agricultural land plots:

- a) within the boundaries of settlements in case of acquisition of real estate and for the construction of facilities related to business activities in Ukraine;
- b) outside settlements in case of acquisition of real estate objects.

Protection of property rights

The Constitution of Ukraine and the Code guarantee everyone the right to protect their civil rights in the event of their violation, non-recognition or challenge. In particular, they provide for the right to self-defense of civil rights, protection of civil rights and interests by the President of Ukraine, state authorities, authorities of the Autonomous Republic of Crimea or local self-government bodies, and protection of civil rights by a notary. Pursuant to Article 4(1) of the Civil Procedure Code of Ukraine, every person has the right to apply to the court for protection of his or her violated, unrecognized or disputed rights, freedoms or legitimate interests in accordance with the procedure established by this Code.

Articles 15 and 16 of the Code define the right of every person to protect his or her civil right in case of its violation, non-recognition or challenge, as well as the right to apply to the court for protection of his or her personal non-property or property rights and interests.

The owner of property may file a claim for recognition of his or her property right if this right is disputed or not recognized by another person, as well as in case of loss of a document certifying his or her property right (Article 392 of the Code). The ways to protect civil rights and interests may include: recognition of a right; invalidation of a transaction; termination of an action that violates the right; restoration of the situation that existed before the violation; enforcement of an obligation in kind; change of legal relations; termination of legal relations; compensation for damages and other ways of compensation for property damage; compensation for moral (non-pecuniary) damage; recognition of decisions, actions or inaction of a public authority, authority of the Autonomous Republic of Crimea or local self-government body, their officials and employees.

A court may also protect a civil right or interest in other ways established by an agreement or by law or by a court in cases determined by law.

State registration and State Register

With regard to securing and transferring ownership of real estate, it should be noted that Ukraine has an institution of state registration of real rights to real estate and their encumbrances (hereinafter - state registration of rights), which is the official recognition and confirmation by the state of the facts of acquisition, change or termination of real rights to real estate, encumbrances of such rights by entering relevant information into the State Register of Real Rights to Real Estate (hereinafter - the State Register of Rights) (paragraph 1 of part one of Article 2 of the Law of Ukraine "On State Registration of Real Rights to Real Estate", hereinafter – the Law).

Ownership and other real rights to immovable property, encumbrances on these rights, their creation, transfer and termination are subject to state registration. State registration of rights to real estate is public and is carried out by the relevant authority, which is obliged to provide information on registration and registered rights in accordance with the procedure established by the Law (Article 182 of the Code). The rights to real estate subject to state registration arise from the date of such registration in accordance with the law (part four of Article 334 of the Code).

The relations arising in the field of state registration of rights are regulated by the Law, which is a special law in this area, the Procedure for State Registration of Real Property Rights and Encumbrances, approved by Resolution of the Cabinet of Ministers of Ukraine No. 1127 dated December 25, 2015 (as amended) and other regulations adopted in accordance with the Law. In accordance with the provisions of civil law, a person's ownership of real estate is determined in accordance with the documents on the basis of which such property belongs to such person.

By its legal nature, state registration of rights is a certification by the state of the fact that a person has already acquired a real right. The general principles of state registration of rights are the state's guarantee of objectivity, accuracy and completeness of information on registered rights to real estate and their encumbrances; entering information into the State Register of Rights solely on the grounds and in the manner prescribed by the Law (paragraphs 1, 4 of part one of Article 3 of the Law).

The State Register of Rights is a unified state information system that processes, stores and provides information on registered real rights to immovable property and their encumbrances.

Pursuant to Article 12 of the Law, the State Register of Rights contains information on registered real rights to real estate, construction in progress, future real estate and their encumbrances, as well as on the registration of ownerless real estate and the price (value) of real estate, construction in progress, future real estate and real rights thereto or the amount of payment for the use of real estate under the relevant transactions, information and electronic copies of documents submitted in paper form or documents in electronic form.

The information contained in the State Register of Rights must correspond to

the information contained in the documents on the basis of which the registration actions were taken. In case of discrepancy, the information contained in the documents on the basis of which the registration actions were taken shall prevail. The State Register of Rights shall not contain information constituting a state secret.

The State Register of Rights shall be maintained using software that ensures its compatibility and interaction with other information systems and networks that constitute the state's information resource. Information on rights in rem and encumbrances on rights in rem entered in the State Register of Rights shall be deemed reliable and may be used in a dispute with a third party until the state registration of termination of such rights and encumbrances in accordance with the procedure provided for by this Law.

Any actions of a person aimed at acquiring, changing or terminating real rights to real estate, an object under construction, a future real estate object and their encumbrances registered in the State Register of Rights shall be performed on the basis of information on real rights and encumbrances of real rights contained in this register.

Information on real rights, encumbrances of real rights contained in the Register of Ownership Rights to Real Estate, the Unified Register of Prohibitions on Alienation of Real Estate Objects and the State Register of Mortgages, which are an integral archival part of the State Register of Rights, shall be used as relevant only if information on the ownership of the relevant real estate, construction in progress is not entered in the State Register of Rights, and information on other rights other than ownership and/or encumbrances of rights is not entered or terminated in the State Register of Rights.

The effect of the third paragraph of this part shall not apply to cases of use of such information in court disputes related to recognition or restoration of real rights. Change of identification data of the subject of real rights, encumbrance of real rights and/or change of characteristics of real estate, construction in progress, future real estate shall not affect the actions of a person aimed at acquisition, change or termination of real rights to real estate, construction in progress, future real estate and their encumbrances.

In case of change of characteristics of a real estate object, an object under construction, a future real estate object in the Unified State Electronic System in the field of construction, the characteristics of such object shall be updated in the State Register of Rights automatically in real time in the manner of information interaction with the Unified State Electronic System in the field of construction (if the State Register of Rights contains information on the identifier of such construction object (completed construction object) in the Unified State Electronic System in the field of construction) with mandatory reflection of the date of such update. The provisions of this paragraph shall not apply to cases where a change in the characteristics of a real estate object, an object under construction, or a future real estate object is related to the division, merger of such object or allocation of a share from such object, as well as to the reconstruction, restoration or overhaul of a real estate object or

unauthorized construction.

The State Register of Rights is a state property, a part of the National Archival Fund and is subject to perpetual storage. Intellectual property rights to the computer program ensuring the operation of the State Register of Rights and compilations of the State Register of Rights data shall belong to the state. Any documents or parts of the State Register of Rights may not be withdrawn, except in cases provided for by law.

Measures for creation, implementation and maintenance of the software of the State Register of Rights, technical and technological support, storage and protection of data of the State Register of Rights, technical and technological measures for granting, blocking and canceling access to the State Register of Rights shall be carried out by the technical administrator in accordance with this Law, the Laws of Ukraine "On Protection of Information in Information and Telecommunication Systems" and "On Protection of Personal Data".

The state registrar's access to the State Register of Rights is carried out by means of multifactor authentication in accordance with the procedure established by the Cabinet of Ministers of Ukraine in the Procedure for Maintaining the State Register of Rights.

Under martial law, the proper functioning of the unified and state registers kept by the Ministry of Justice of Ukraine was ensured, which allows notaries and state registrars designated by the Ministry of Justice to carry out their activities subject to certain restrictions and/or prohibitions necessary to protect the property rights of citizens at this time.

During the period of martial law, users' access to the unified and state registers kept by the Ministry of Justice within the administrative units belonging to the territories of active hostilities (except for the territories of active hostilities where state electronic information resources operate) or the territories temporarily occupied by the Russian Federation, included in the list of territories where hostilities are (were) conducted or temporarily occupied by the Russian Federation, approved by the Ministry for the Reintegration of the Temporarily Occupied Territories, for which the date of completion of hostilities or temporary occupation has not been determined (Resolution of the Cabinet of Ministers of Ukraine of March 06, 2022 No. 209 "Some issues of state registration and functioning of unified and state registers held by the Ministry of Justice under martial law" (as amended).

State registration of rights is important in the context of ensuring guarantees of the right to peaceful enjoyment of property. Much has been done to establish the State Register of Rights, as well as to make it transparent and accessible. The procedures for registering property rights have been simplified and the time required for such registration has been reduced.

Regarding the provision of information on the land cadastre

Ukraine has a unified state geoinformation system of information on land located within the borders of Ukraine, its intended use, restrictions on its use, as well as data on quantitative and qualitative characteristics of land, its valuation, distribution of land between owners and users, reclamation networks and components of reclamation networks - the State Land Cadastre.

The state land cadastre is the basis for maintaining cadastres of other natural resources (Article 193 of the Land Code of Ukraine).

Pursuant to Articles 195 and 196 of the Land Code of Ukraine, the purpose of the state land cadastre is to provide the necessary information to state and local authorities, interested enterprises, institutions and organizations, as well as citizens in order to regulate land relations, rational use and protection of land, determine the amount of land payment and the value of land as part of natural resources, control over the use and protection of land, economic and environmental justification of business plans and land management projects.

The main tasks of the State Land Cadastre are:

- a) ensuring completeness of information on all land plots;
- b) application of a unified system of spatial coordinates and a system of land plots identification;
- c) introduction of a unified system of land cadastral information and its reliability.

The composition of the State Land Cadastre is determined by the Law of Ukraine "On the State Land Cadastre".

Under martial law in Ukraine and within one month from the date of its termination or cancellation, entering information (changes to it) on objects of the State Land Cadastre and using such information, in particular through access to the State Land Cadastre, and publishing information of the State Land Cadastre, in particular, through the Public cadastral map, which is part of the State Land Cadastre software, is provided taking into account the peculiarities established by the Resolution of the Cabinet of Ministers of Ukraine No. 564 "Some issues of maintaining and functioning of the State Land Cadastre under martial law" dated May 07, 2022.

Corporate governance reform

Ukraine's progress in corporate governance reform was recorded before the war but still does not meet OECD standards for depoliticized, professional and transparent governance.

As part of the implementation of corporate governance reform, Law No. 3587 "On Amendments to Certain Legislative Acts of Ukraine on Improving Corporate Governance" (the "Law") was adopted and entered into force on 08.03.2024.

The Law amended the Commercial Code of Ukraine, the Civil Code of Ukraine, as well as the Laws of Ukraine "On Management of State-Owned Property", "On Joint Stock Companies", "On the Cabinet of Ministers of Ukraine", "On Ensuring Large-Scale Export Expansion of Goods (Works, Services) of Ukrainian Origin by Insurance, Guaranteeing and Reducing the Cost of Export Lending", "On Peculiarities of Establishing a Joint Stock Company of Public Railway Transport" and "On Limited and Additional Liability Companies".

In order to improve the management of state-owned companies while increasing the level of transparency of their activities, the Ministry of Economy, together with public authorities, international experts and the European Bank for Reconstruction and Development, is working on the development of regulations necessary for the implementation of Law No. 3587, including the draft State Property Policy.

- ***Give a brief assessment of the business climate and investment conditions***

The Government of Ukraine has developed amendments to the Law of Ukraine "On State Support of Investment Projects with Significant Investments in Ukraine" and submitted the relevant draft law to the Verkhovna Rada of Ukraine.

On August 09, 2023, the Law of Ukraine "*On Amendments to Certain Legislative Acts of Ukraine on the Implementation of Investment Projects with Significant Investments*" (the "Law") was adopted and entered into force.

Thus, the Law introduces new forms of state support for investment projects with significant investments:

- compensation of the investor's expenses for connection and connection to engineering and transportation networks;

- compensation for the cost of engineering and transport infrastructure facilities constructed by the applicant or an investor with significant investments that are necessary for the implementation of the investment project;

- exemption from compensation for forestry production losses.

And also:

- an opportunity to start implementing an investment project with significant investments 18 months before applying for state support. At the same time, the investments made will be classified as significant in the amount of no more than 30% of the total amount of significant investments.

- Expanding the scope of investment projects with significant investments to include such areas as electronic communications, bioethanol, biogas and biomethane production.

- reducing the requirement for the amount of significant investment from EUR 20 million to EUR 12 million.

New approaches to the number of new jobs created are defined by law:

- 10 new jobs with an average salary of employees that is at least 50 percent higher than the real average salary for the relevant type of activity in the region where the project is implemented for the previous calendar year; or

-30 new jobs with an average salary of employees that is at least 30 percent higher than the real average salary for the relevant activity in the region where the project is implemented for the previous calendar year; or

- 50 new jobs with an average salary of employees that is at least 15 percent higher than the real average salary for the relevant type of activity in the region where the project is implemented for the previous calendar year, etc.

The work on drafting by laws and bringing the existing ones into compliance with the Law is almost complete.

Our efforts at this stage are aimed at providing maximum support to Ukrainian and international investors in the implementation of investment projects.

In order to fulfill the Government's obligations under the Memorandums of Economic and Financial Policies between Ukraine dated March 24, 2023 and December 1, 2023 under the EFF Program with the IMF, the Government approved the Roadmap for Public Investment Management Reform (Roadmap) on December 22, 2023.

The Ministry of Finance is currently developing an action plan for the implementation of the Roadmap for the reform of public investment management together with the relevant authorities.

Once the draft document is approved, it will be submitted to the Cabinet of Ministers of Ukraine.

The Roadmap is based on the recommendations of the World Bank's Public Investment Management Diagnostic Assessment (PIMDA) Report.

The document will strengthen the institutional framework for public investment management by clearly defining the functions of all participants at all stages of the investment project cycle.

Implementation of the Roadmap should simplify decision-making procedures, unify approaches to project evaluation and selection regardless of funding sources, ensure the creation of a single project portfolio, and improve reporting and oversight.

An IT environment for a transparent project management cycle will be created, which will be available to the public and will allow:

- 1) submit electronic applications;
- 2) monitoring of funding;
- 3) provide audit control.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ take measures to improve the business environment with a view to prepare for reconstruction efforts, in particular by reducing regulatory and administrative burden. Assess the institutional/regulatory environment relevant for the functioning of markets

From the beginning of 2023, the Government of Ukraine has been carrying out a large-scale review of the tools of state regulation in all spheres of economic activity.

In order to review the tools of state regulation of business for their reengineering, digitalization or cancellation, in particular, taking into account the rules of European directives and regulations, the Government of Ukraine, by Resolution No. 44 of the Cabinet of Ministers of Ukraine dated January 13, 2023, established an Inter-agency Working Group on the Issues of Accelerated Review of the Tools of State Regulation of Economic Activity (hereinafter – IWG).

19 meetings of the IWG were held (18 on review of acts, 1 on review of control functions of state bodies):

- 1323 instruments of state regulation of economic activity of 20 central executive bodies were considered (cancel - 456 instruments, optimize (digitize) - 584 instruments);

- 6 spheres of state control over the transportation of goods and passengers by sea, river, railway, automobile, air transport, postal communication were revised.

Also, 37 regulatory acts have already been adopted, which canceled 111 instruments of state regulation.

In addition, a plan of measures to deregulate economic activity and improve the business climate is being prepared.

The main provisions of the Action Plan:

- reduction and digitization of market access regulations. In particular - digitization of 13 license and permit procedures (the draft of the act has been submitted for consideration by the Government);

- changing the punitive-repressive model of state supervision (control) to a preventive one (risk-oriented approach);

- reducing the number of control and supervisory functions.

In addition, in 2023, the implementation of the project on the development of the Unified Information System "Regulatory Portal" (hereinafter - UE) began.

RP is an information and communication system that will contain data on draft regulatory acts, and implements the opportunity for business entities to submit

comments and suggestions to them; current regulations (by territory, spheres, regulatory authorities, etc.).

The draft Law, which provides for the creation of the RP, has been submitted for consideration by the Government.

STATE INFLUENCE ON PRODUCT MARKETS

Parts of the Report concerning Chapter 1 “Free movement of goods,” and Chapter 5 “Public Procurement”, Chapter 20 “Enterprise and industrial policy” contain expanded relevant information, i.e. on the government policy influencing the functioning of the market.

Regarding the state subsidies and grants, it is important to highlight that state aid is provided in several directions:

- for the purpose of creating new and maintaining existing jobs for persons with disabilities and supporting the activities of enterprises of public organizations of persons with disabilities. State aid is provided at the expense of the funds of the Social Protection Fund for Persons with Disabilities to employers who employ persons with disabilities and enterprises of public organizations of persons with disabilities in the form of grants, financial assistance on a returnable and non-returnable basis, and loans;

- for the subjects of entrepreneurship (agriculture and other business under the State programme “Available loans 5-7-9%”). In particular: subjects of micro-enterprise, small and medium-sized enterprises, - residents of Ukraine, natural persons - entrepreneurs; legal entities whose ultimate beneficial owners (controllers) are natural persons - residents of Ukraine; agricultural producers; business entities of the state or communal sector of the economy. Financial state support to business entities is provided through banks in the form of: 1) partial compensation by the Governmental Fund of interest rates on loans of business entities; 2) provision of guarantees by the Governmental Fund to authorized banks to ensure performance. The actual amount of support is estimated and depends on the size of the compensatory interest rate for the loan granted to the business entity and the size of the loan itself.

In Ukraine, a national system of control over state aid has been created in accordance with the obligations under the Association Agreement. To fulfill these obligations, the Law of Ukraine, "On State Aid to Business Entities", was adopted, which entered into force on 02.08.2017 and designated AMCU as the authorized body for state aid and established the obligation of providers to report state aid to AMCU. The Law of Ukraine "On State Aid to Business Entities" and other acts adopted pursuant to it reflect the provisions of Council Regulation (EU) No. 2015/1589 of July 13, 2015 on establishing detailed rules for the application of Article 108 of the Treaty on the Functioning of the European Union. The Law of Ukraine "On State Aid to Business Entities" generally reflects the provisions of Articles 107 and 108 of the TFEU. Detailed information on the functioning of the state aid control system is provided in Chapter 8 – Competition Policy.

Additionally, according to part 5(2) of Chapter 9 of the Law of Ukraine “On state aid to business entities”, state aid provided during martial law is permissible. State aid providers are exempted from the following obligations:

- notification of new state aid and proposals for amendments to the conditions

of current state aid if such state aid is provided during martial law and within one year after its termination or cancellation;

- submission of information on current state assistance provided during martial law and within one year after its termination or cancellation.

PRIVATISATION AND RESTRUCTURING

Small-scale privatisation

The main goal of the privatization is to accelerate economic growth, attract foreign and domestic investments, reducing the share of state ownership in the structure of the Ukrainian economy by selling privatisation objects to an efficient private owner.

One of the main tasks of the SPFU is to implement the state policy in the fields of privatisation, lease, using and alienation of state property.

All objects scheduled for privatisation are sold exclusively through auctions on ProZorro.Sale system, which is based on the principles of full transparency - the entire sale process is public and open.

The lists of small-scale privatisation objects subject to privatisation were approved by the SPFU Order dated 04.01.2022 No. 1 “On Approval of the Lists of Small-scale Privatisation Objects Subject to Privatisation (as amended)”.

As of 1 January 2024, 1,453 objects were included in the list of small-scale privatisation objects subject to privatisation.

During 2023, the SPFU announced 892 auctions for the sale of small-scale privatisation objects, of which 414 auctions were successful for a total amount of UAH 2,823.68 million, which allowed fulfilling the target for privatisation proceeds by 122.7%.

In total, UAH 3,154.44 million was transferred to the state budget from small-scale privatisation in 2023 (including proceeds from the sold objects in the second half of 2022).

During the period from 1 January 2024 to 31 March 2024, the lists of small-scale privatisation objects were supplemented with 120 objects, and 166 objects were removed from the lists of small-scale privatisation objects.

Thus, as of 31 March 2024, the lists of small-scale privatisation objects include 1,407 objects.

In accordance with the Law of Ukraine “On the State Budget of Ukraine for 2024”, the target for the proceeds from the privatisation of state property is set at UAH 4,000 million.

For the period from 01 January 2024 to 31 March 2024, UAH 607.53 million was transferred to the state budget of Ukraine from the privatisation of state property and other revenues directly related to the privatisation process.

Large-scale-privatisation

The Order of the Cabinet of Ministers of Ukraine dated 16 January 2019 No. 36-r “On Approval of the List of Large-scale Privatisation of State Property” approved the list of large-scale privatisation of state property. As of 31.03.2024, the

List included 18 objects, among which, in particular, the Fund plans to sell state-owned stakes in the following companies in 2024:

1. State-owned stake in JSC UMCC in the amount of 100.00 per cent;
2. State-owned stake in Investment Union Lybid LLC (Ocean Plaza shopping mall) in the amount of 66.65 per cent.

Regarding bankruptcy procedures for public sector entities

Statistical data on the number of state-owned enterprises and business entities that were in some kind of bankruptcy procedure **as of 01.01.2023**:

Governing body	Number of business entities subject to bankruptcy proceedings with a state-owned share exceeding 50 per cent in their authorised capital (pcs.)			
	in total, incl.:	in the procedure of property disposal	in the rehabilitation procedure	in the liquidation procedure
SPFU Central Office	3	1	1	1
SPFU Regional Offices	23	1	4	18
	Number of state-owned enterprises subject to bankruptcy proceedings			
SPFU Central Office	22	6	4	12
SPFU Regional Offices	2	0	0	2
	Total number of state-owned enterprises and business companies under the SPFU management			
SPFU Central Office	29	7	5	17
SPFU Regional Offices	41	3	7	31

Statistical data on the number of state-owned enterprises and business entities that were in some kind of bankruptcy procedure **as of 01.01.2024**:

Governing body	Number of business entities subject to bankruptcy proceedings with a state-owned share exceeding 50 per cent in their authorised capital (pcs.)			
	in total, incl.:	in the procedure of property disposal	in the rehabilitation procedure	in the liquidation procedure
SPFU Central Office	3	1	0	2
SPFU Regional Offices	21	0	4	17
	Number of state-owned enterprises subject to bankruptcy proceedings			
SPFU Central Office	84	17	9	58
SPFU Regional Offices	j	0	0	2
	Total number of state-owned enterprises and business companies under the SPFU management			
SPFU Central Office	91	18	9	64
SPFU Regional Offices	35	2	6	27

The increase in the number of enterprises under the SPFU's management in 2023 in respect of which bankruptcy cases were opened is explained by the transfer of a significant number of public sector entities to the SPFU's management pursuant to the relevant orders of the Cabinet of Ministers of Ukraine.

In 2023, at the request of the SPFU, 13 bankruptcy proceedings against these enterprises were closed, including in connection with decisions on their privatisation (for comparison, in 2022, only one bankruptcy case was closed).

In addition, the SPFU has also developed a draft Procedure for approving the

terms of sale of bankruptcy property as single property complexes belonging to the management of the SPFU.

Regarding the procedure for liquidation of public sector entities

Statistical data on the number of state-owned enterprises that were in the process of liquidation **as of 01.01.2023:**

Number of companies in liquidation process		
In total, incl.:	In the SPFU Central Office management	In the SPFU Regional Offices management
203	175	28

Statistical data on the number of state-owned enterprises that were in the process of liquidation **as of 01.01.2024:**

Number of companies in liquidation process		
In total, incl.:	In the SPFU Central Office management	In the SPFU Regional Offices management
421	407	14

The increase in the number of enterprises in liquidation under the SPFU’s management in 2023 is due to the transfer of a significant number of public sector entities to the SPFU’s management pursuant to the relevant orders of the Cabinet of Ministers of Ukraine.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ take steps to enhance the management of State-Owned Enterprises in line with OECD recommendations

Corporate governance reform

Ukraine's progress in corporate governance reform was recorded before the war but still does not meet OECD standards for depoliticized, professional and transparent governance.

As part of the implementation of corporate governance reform, Law No. 3587

"On Amendments to Certain Legislative Acts of Ukraine on Improving Corporate Governance" (the "Law") was adopted and entered into force on 08.03.2024.

The Law amended the Commercial Code of Ukraine, the Civil Code of Ukraine, as well as the Laws of Ukraine "On Management of State-Owned Property", "On Joint Stock Companies", "On the Cabinet of Ministers of Ukraine", "On Ensuring Large-Scale Export Expansion of Goods (Works, Services) of Ukrainian Origin by Insurance, Guaranteeing and Reducing the Cost of Export Lending", "On Peculiarities of Establishing a Joint Stock Company of Public Railway Transport" and "On Limited and Additional Liability Companies".

In order to improve the management of state-owned companies while increasing the level of transparency of their activities, the Ministry of Economy, together with public authorities, international experts and the European Bank for Reconstruction and Development, is working on the development of regulations necessary for the implementation of Law No. 3587, including the draft State Property Policy.

Transformation

To fulfill Ukraine's obligations under the Law of Ukraine "On Ratification of the Guarantee Agreement (Ukraine: Comprehensive (Consolidated) Safety Upgrade Program for Nuclear Power Plants) between Ukraine and the European Bank for Reconstruction and Development" No. 1267-VII dated May 15, 2014, the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On the Joint Stock Company "National Nuclear Energy Generating Company "Energoatom" No. 2896-IX dated February 06, 2023.

In accordance with Article 1 of the Law of Ukraine "On the Joint Stock Company "National Nuclear Energy Generating Company "Energoatom", the Resolution of the Cabinet of Ministers of Ukraine No. 394 dated 02.05.2023 "On the Transformation of the State Enterprise "National Nuclear Energy Generating Company "Energoatom" into a Joint Stock Company, 100 percent of which belongs to the state", it was decided to reorganize the State Enterprise "National Nuclear Energy Generating Company "Energoatom" by transforming it into a joint stock company "National Nuclear Energy Generating Company "Energoatom".

Resolution of the Cabinet of Ministers of Ukraine No. 1420 "On the Establishment of the Joint Stock Company National Nuclear Energy Generating Company Energoatom" dated December 23, 2023 established the Joint Stock Company National Nuclear Energy Generating Company Energoatom and approved the charter, regulations on the Supervisory Board and principles for the formation of the Supervisory Board of the Joint Stock Company National Nuclear Energy Generating Company Energoatom.

The Strategy for Improving the Efficiency of Public Sector Economic Entities, approved by the Cabinet of Ministers of Ukraine on 27.05.2015 No. 662, stipulates that state unitary enterprises that perform mainly commercial functions should be

transformed into state joint stock companies, which will facilitate the separation of state functions in managing state-owned objects and regulatory functions, the introduction of corporate governance and the improvement of management accountability.

The USAID Energy Security Project recommends that the Government of Ukraine complete the corporatization of all major energy sector entities (including the Guaranteed Buyer) in order to introduce an effective corporate governance system.

The Order of the Cabinet of Ministers of Ukraine "On the Transformation of the State Enterprise "Guaranteed Buyer" into a Joint Stock Company, 100 percent of which is owned by the state" dated February 2, 2024 No. 74 decided to reorganize the state enterprise "Guaranteed Buyer" by transforming it into a joint stock company "Guaranteed Buyer", 100 percent of the shares in the authorized capital of which are owned by the state and are not subject to privatization or other alienation.

FUNCTIONING OF THE FINANCIAL MARKET

FINANCIAL STABILITY

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

Although the already high non-performing loans ratio has increased during the war, financial stability has been preserved thanks to swift policy action by the National Bank of Ukraine (NBU). Following the 2014-2016 banking crisis, the NBU strengthened proper oversight of the banking sector, which was characterised by a high level of non-performing loans. Nevertheless, after two rounds of asset quality reviews, bank closures, and recapitalisations, non-performing loans started to decrease, declining from 58% in 2017 to a still very high 30% in 2021. In response to the full-scale invasion, the NBU took steps to safeguard banks' liquidity and the confidence in the system, which has remained strong as evidenced by the increase in corporate and retail deposits by 66.4% between end-February 2022 and end-February 2024. The banking sector has remained stable and with ample liquidity (with LCR for the sector being at least three times above required minimum of 100%), although Non-Performing Loans (NPL) ratio peaked at 39.3% in April 2023 in light of war-related impacts on economic activity and collateral. However, as businesses adjust to working under conditions of war, the NPL ratio gradually decline, to 36.6% as of end-February 2024. At the same time, the NPL coverage ratio remains high (93.9%, taking into account all bank provisions), thus partially offsetting the impact on lending. Despite building additional provisions for about USD 3.5 billion, banks remained profitable in 2022, owing to high liquidity ratios, which yield significant interest income in a high interest rate environment. Moreover, the banks generated even higher profits of UAH 83.2 billion in 2023 on the back of still-high interest rates, strong operational efficiency, and moderate provisioning, despite additional windfall income tax. As of end-February 2024, the banks' return on equity stood at around 50%, and return on assets – at 5.3%.

With a market share of over 50% over the last five years, the six state-owned banks[1] dominate the banking sector. The results of 2023 resilience assessment revealed sufficient capital and a substantial margin of safety in the system as a whole. As of end-March 2024, the sector's regulatory capital adequacy ratio stood at 20%, twice the required minimum of 10% (the core capital adequacy ratio at that time was 12% against required 7%). This sets the preconditions for further restoring and tightening of capital requirements.

[1] Oschadbank JSC, Ukreximbank JSC, PrivatBank JSC, Sense Bank JSC (100% SOBs) and UKRGASBANK JSB, FIRST INVESTMENT BANK JSC (controlled by the state).

Information provided by the Ministry of Finance of Ukraine

Regarding the state-owned banks during the year as of 1 January 2024 the NPL ratio of state-owned banks decreased (by 2.1 percentage points, up to 50.9%), changing the trend to growth lasted from February 2022.

In the period, 2022 – 2023 public sector banks have formed UAH 74.4 bln reserves.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ drafting and approving Non-performing Loan Resolution Strategies

As of the reporting date, the NBU is in the process of formulating a comprehensive strategy aimed at resuming lending in Ukraine. One pivotal component of this strategy entails the development of an interagency NPL resolution plan.

Public authorities, financial market experts, commercial banks, and their associations are involved in drafting the lending strategy. Targeted consultations with international financial organizations are presently underway to gather valuable insights.

The NPL resolution plan is based on the World Bank's analysis of obstacles to overcoming the NPL problem released in 2023. The plan will include changes to the regulatory environment, including optimization of financial restructuring and bankruptcy procedures, clarification of certain parameters for identifying and assessing NPLs, and creation of infrastructure to launch a NPL market.

ACCESS TO FINANCE

• Please provide information on the establishment of a capitalized pension system. What are the main tasks for its development? What are the planned steps?

Information provided by the Ministry of Social Policy of Ukraine

With adoption of the Law of Ukraine dated September 21, 2022 No. 2620-XX „On Amendments to the Law of Ukraine „On Mandatory State Social Insurance” and the Law of Ukraine „On Mandatory State Pension Insurance” (hereinafter referred to as the Law No. 2620) and designation of the Pension Fund of Ukraine as the authorized government body in the field of social insurance against accidents and in connection with the temporary incapacity, it becomes necessary to bring provisions of some legal acts in compliance with the current Ukrainian legislation

in order to harmonize their provisions with legislative changes in the field of social insurance.

To ensure implementation of the Law No. 2620, the following draft Laws of Ukraine were developed and submitted to the Verkhovna Rada of Ukraine:

- „On amendments to the Code of Ukraine on administrative offenses regarding the settlement of certain issues in connection with the termination of the Social Insurance Fund of Ukraine”, reg. No. 9632 dated August 21, 2023;

- „On amendments to Article 2 of the Law of Ukraine „On Public Procurement” regarding the settlement of certain issues in connection with the termination of the Social Insurance Fund of Ukraine”, reg. No. 9633 dated August 21, 2023;

- „On amendments to Article 141 of the Law of Ukraine „On the Judiciary and the Status of Judges” regarding social insurance”, reg. No. 9634 dated August 21, 2023;

- „On amendments to the Civil Code of Ukraine regarding the settlement of certain issues in connection with the termination of the Social Insurance Fund of Ukraine”, reg. No. 9660 dated August 30, 2023;

- „On amendments to some legislative acts of Ukraine regarding mandatory state social insurance”, reg. No. 10017 dated September 6, 2023.

It was adopted by the Cabinet of Ministers of Ukraine Resolution dated April 11, 2023 No. 322. „On Amendments to Clause 6 of the Annex to the Cabinet of Ministers of Ukraine Resolution dated November 26, 2014 No. 675”.

The purpose of adopting the resolution is to provide financial resources for the implementation of activities related to the termination of the Social Insurance Fund of Ukraine and the offices of the Fund's executive directorate.

The draft Law „On Accumulated Pension Security” registered in the Verkhovna Rada of Ukraine dated April 17, 2023 (reg. No. 9212). It was included in the agenda of the plenary meeting of the Verkhovna Rada of Ukraine on February 6, 2024, but the consideration was postponed.

The Ministry of Social Policy of Ukraine is developing a comprehensive reform of the mandatory state social and pension insurance systems. Currently, in cooperation with the World Bank, the design of the pension reform and the financial and economic modeling of the reform impact are being finalized. The draft laws on mandatory cumulative pension insurance, on amendments to the Law „On Mandatory State Pension Insurance” and other legislative acts has been developing at the final stage.

In addition, projects are being implemented in cooperation with the International Labour Organization on actuarial modeling of the pension system of Ukraine, taking into account the possible introduction of a system of accumulative pension provision. Projects are also implemented in cooperation with the Economic Department of the Organisation for Economic Cooperation and Development

(OECD) in the field of pension provision on reforming special pension regimes and increasing the stability of the Ukrainian pension system as a whole, taking into account the best European practices.

Therefore, the next step is to reform professional pension provision: preferential pensions for work in harmful and difficult conditions, as well as other special pension regimes based on professional risks and service features.

**Additional update of the information previously provided by Ukraine
in the framework of the 2023 Enlargement Package**

Lending to the private sector remains low. Ukraine’s financial sector is predominantly bank-based and the total stock of bank lending to the private sector stood at just 15.4% of GDP in 2023 (28% in 2021), much below the EU average. Banks showed strong resilience to the war situation. This was in particular thanks to initiatives such as Power Banking (guarantee of service despite power outage) and national ATM roaming (no inter-bank withdrawal charges). However, both risk appetite and loan demand have decreased because of war-related uncertainty and business activity decline, as well as Russia’s terrorist attacks on logistics and energy infrastructure. The situation changed in Q2 2023, with both retail and corporate lending rebounding as business adjusted to working under the war-time conditions. Banks’ aggregate corporate and retail loan portfolio contracted by almost 3% in 2022 (in gross terms). In 2023, the portfolio remained almost unchanged in annual terms, with retail loans growing by over 6%, while corporate loans contracting for the year. However, the corporate lending was already growing in H2 2023. To ease borrowers’ situation, the government has simplified the conditions for benefitting from debt restructuring and extended access to the programme of ‘Affordable Loans 5-7-9%’. As business adjusted to wartime conditions and interest loans declined, the portfolio of corporate loans outside of the programme started to expand, and the programme itself is becoming more focused. Even during the war, surveys do not point out access to finance as an impediment to conducting business. Capital markets and non-bank financial intermediation are in a very early stage of development.

Ukraine: Additional FSIs for Deposit Takers

Data on the *Spread Between Reference Lending and Deposit Rates (base points)* indicator are prepared by the NBU and sent to the IMF for dissemination in the *Financial Stability Indicators* dataset.

Link to the IMF website: <https://data.imf.org/regular.aspx?key=63174545>

Percent unless stated otherwise	2019M12	2020M12	2021M12	2022M12	2023M12
Spread between reference lending and	6.2	7.9	7.9	9.0	10.0

deposit rates (base points)					
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Data Source: Financial Soundness Indicators (FSIs)

Information of the lending to the private sector as a percentage of GDP over the past 5 years (UAH millions)

Date	Total assets	Loans to customers	Loans to government agencies	Loans to customers (excluding loans to government agencies)	GDP	% loans to customers (excluding loans to government agencies) of GDP
1 January 2020	1,982,628	1,033,430	4,724	1,028,706	3,977,198	26%
1 January 2021	2,210,647	960,597	11,641	948,956	4,222,026	22%
1 January 2022	2,358,982	1,065,347	26,973	1,038,374	5,450,849	19%
1 January 2023	2,716,883	1,036,213	24,809	1,011,404	5,239,114	19%
1 January 2024	3,308,621	1,024,852	18,349	1,006,503	6,437,825	16%

Share of assets of TOP-5 banks (UAH millions)

Date	TOP5	Total	Share
1 January 2020	1,291,998	1,982,628	65%
1 January 2021	1,348,906	2,210,647	61%
1 January 2022	1,307,287	2,358,982	55%

1 January 2023	1,626,447	2,716,883	60%
1 January 2024	1,927,150	3,308,621	58%

To analyze changes in the **overall level of financial literacy** of the population of Ukraine the nationwide surveys according to the OECD methodology are being organized. The last nationwide survey on financial literacy was conducted in Ukraine in August 2021 within the USAID Financial Sector Transformation Project and in cooperation with the National Bank of Ukraine³¹. 2,040 Ukrainians, aged 18 to 79 participated in the survey. The study found that the level of financial literacy in Ukraine has increased in less than three years. The financial literacy score increased by 6% from 11.6 points (55% of its maximum value of 21 points) to 12.3 points (58% of its maximum value) and has come close to the average value for countries that participated in the last two OECD surveys and are similar to Ukraine in terms of socioeconomic conditions. Before Russia launched a large-scale invasion of Ukraine, the financial literacy score was low in all regions of Ukraine without any exception, among women and men, in urban and rural areas.

In Ukraine, the difference between men and women in the financial literacy score is statistically insignificant (12.3 points and 12.2 points, respectively). In 2021, men showed slightly better results in the overall financial literacy score, in such components as knowledge and attitude while women performed better in terms of conduct.

At the same time, there are significant differences in financial literacy among different age groups in Ukraine. Among Ukrainians who are in the age of 18-79 the lowest value of the financial literacy score was recorded in the age group of 18–24 (especially 18–19) years old. This group of people has not yet had time to acquire the necessary life experience to compensate for their lack of financial knowledge, and most of them have not had the opportunity to learn the basics of financial literacy at school.

In addition to young people, individuals aged over 60 also exhibit a low level of financial literacy. It is more difficult for this age group to cope with financial shocks, build long-term financial plans, protect themselves from fraud, adapt to macroeconomic changes and familiarize themselves with the latest technologies and remote formats of financial services.

Overall, individuals with higher incomes, advanced education, savings, and who utilize a diverse range of financial services and are tech-savvy displayed the best results across all components of the financial literacy index.

Assessment of the financial literacy of micro-small businesses has not been organized in Ukraine yet.

³¹ USAID, National Bank of Ukraine (2021), Financial literacy, financial inclusion and financial well-being in Ukraine in 2021:
https://bank.gov.ua/admin_uploads/article/Research_Financial_Literacy_Inclusion_Welfare_2021_en.pdf?v=4

FUNCTIONING OF THE LABOUR MARKET

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

The labour market is constantly evolving, creating new challenges for employers and job seekers. Skills mismatch and skills gaps are a growing problem, leading to unmet labour demand.

Technologies are rapidly developing, automating many tasks. This leads to the fact that the demand for certain skills and knowledge disappears, and new ones take their place.

Growing competition creates a need for employees who can immediately respond to market demands, which leads to higher requirements for candidates. Many employers are looking for workers with specialized skills that are not always available in the labour market. However, there are gaps between what the employer offers and what the workforce can offer.

In addition, the distribution of labour and jobs may be uneven, resulting in excess demand for some workers and insufficient demand for others. And the decentralization of the economy deepens this problem since educational programs often do not take into account the regional peculiarities of the labour market.

Rapid technological changes and the development of new industries create the need for constant training and retraining. Employees must be ready to adapt to new conditions and technologies in order to remain competitive in the labour market.

On the other hand, the education system does not always keep up with these changes, not providing people with the necessary skills for new professions.

Employers expect candidates to have certain skills and experience, which is not always true.

Insufficient communication between employers, educational institutions and job seekers leads to a misunderstanding of the needs of the labour market.

As a result, we have a situation where employers cannot find skilled workers and people with outdated skills cannot find work.

The skills mismatch has a number of negative consequences, both for the economy as a whole and for individuals. This leads to:

Economic losses: A skills mismatch can lead to a loss of productivity, innovation and competitiveness.

Unemployment: People with outdated skills may lose their jobs, while young people may not find work after graduation.

Tackling the skills mismatch requires joint efforts from governments, education institutions, businesses and people themselves.

Possible solutions include:

Reforming education: Updating curricula and teaching methods to better meet the needs of the labor market. Internship and internship programs should provide learners with real-world experience and skills that employers expect.

Support for retraining and upskilling: Providing opportunities for people with outdated skills to update their knowledge and acquire new ones.

Improving communication: Cooperation between employers and educational institutions to develop training programs that meet the needs of the labor market. Creation of platforms for dialogue between employers, educational institutions and job seekers.

Constant retraining and training should become an integral part of the modern labour market. Only through the combined efforts of educational institutions, employers and workers can we close the skills gap and ensure mutual satisfaction for both employers and workers.

The implementation of the Law of Ukraine "On Employment" (as amended by the Law of Ukraine dated 21.09.2022 No. 2622-IX) provides for a number of active employment promotion measures aimed at employment, including socially vulnerable categories. Such measures, according to Resolution of the Cabinet of Ministers of Ukraine No. 124 of 10.02.23, are as follows:

1. Reimbursement of 50% of labour costs (but not higher than the minimum wage) for the employment of registered unemployed persons:

- who have less than 5 years until retirement;
- persons with disabilities;
- participants of ATO/JFO

According to the State Employment Center:

As of 31.03.24, 818 decisions have been made to provide such compensation to 818 persons since the resolution entered into force; payments of 4 356,9 thousand UAH were financed.

Since the beginning of the year, as of 31.03.24, 235 decisions have been made to provide such compensation to 235 persons; 2 decisions against 2 persons were annulled; payments of 1 851,2 thousand UAH were financed.

2. Reimbursement of 50% of the minimum wage for employment of registered unemployed youth, in particular:

under 25 years of age, who have a total of no more than 12 months of insurance experience;

under the age of 35 for the first workplace;

who resigned from fixed-term military or alternative (non-military) service to the first workplace after such dismissal.

As of 31.03.24, 774 decisions have been made to grant such compensation to 774 persons since the resolution entered into force; payments in the amount of

4,540.1 thousand UAH were financed.

Since the beginning of the year, as of 31.03.24, 318 decisions have been made to provide such compensation to 318 persons; payments in the amount of 2 369,7 thousand UAH were financed.

3. Reimbursement of a Single contribution to the mandatory state social insurance (hereinafter - SSC) to the employer (but no more than twice the minimum insurance contribution) for employment of registered unemployed persons who have additional guarantees in employment (parents (persons) who have children; orphans and children deprived of parental care; persons released after serving a sentence or forced treatment; persons who have less than 10 years left before retirement; other categories of citizens determined by the Cabinet of Ministers of Ukraine, taking into account the situation on the labor market, as well as quarantine, the state of emergency, state of emergency and martial law in the country). As of 31.03.24, 2 120 decisions have been made to provide such compensation to 2,120 persons since the resolution entered into force; funded payments in the amount 9 009,9 thousand UAH.

Since the beginning of the year, as of 31.03.24, 513 decisions have been made to provide such compensation to 513 persons; payments in the amount of 3,549.7 thousand UAH were financed.

4. Reimbursement of the SSC to the employment (no more than twice the minimum insurance contribution) for the employment of the long-term unemployed (more than 6 months).

For the year 2023, the SSC compensation was provided to employers upon employment of 594 people.

Since the beginning of the year, as of 31.03.2024, 154 people have been employed with the compensation of the employer's unemployment benefits.

4. Resolution of CMU No. 338 of 18.04.23 expanded the category of compensation recipients (in the amount of the actual costs of a single contribution to mandatory state social insurance) - small business entities that employ the unemployed for a period of at least two years on the referral of employment centres, to new jobs.).

As of 31.03.24, 4,786 decisions have been made to grant such compensation to 4,786 persons since the resolution entered into force; payments in the amount of 12 054,1 thousand UAH were financed.

Since the beginning of the year, as of 31.03.24, 2 362 decisions have been made to grant such compensation to 2,362 persons; funded payments in the amount 6 740,3 thousand UAH.

On the basis of the voucher, a special document that allows retraining in the labour profession is carried out; training in a speciality to obtain a master's degree based on a bachelor's or master's degree obtained in another speciality; training at the next level of education (except for the third (educational-scientific /

educational-creative) and scientific level of higher education); specialisation and advanced training in professions and specialities according to priority types of economic activity. (Article 30 of the Law of Ukraine "On Employment of the Population").

In 2023, 18,000 people received a voucher.

In January-March 2024, 4 900 people received a voucher.

In addition, non-disabled persons are involved in socially useful works under martial law (Government project "Recovery Army") (Resolution of the Cabinet of Ministers of Ukraine No. 753 of 13.07.2011).

In 2023, 74 200 referrals were issued in 19 regions of the country for participation in socially useful works.

Since the beginning of the year, as of 31.03.24, 26 800 referrals of citizens have been made to participate in socially useful works.

Compensation to employers for labour costs for employment of IDPs during martial law.

In 2023, 7 544 decisions were made to provide such compensation for 14,372 persons; payments of 181 254,3 thousand hryvnias were financed.

Since the beginning of the year, as of 31.03.24, 1 882 decisions have been made to grant such compensation to 2 873 persons; funded payments of 38 380,1 thousand hryvnias.

Compensation for labour costs for the employment of registered unemployed IDPs.

In 2023, 552 decisions were made to provide such compensation for 552 persons; payments of 11 211,90 thousand hryvnias were financed.

Since the beginning of the year, as of 31.03.24, 230 decisions have been made to provide such compensation to 230 persons; payments of 8 189,5 thousand hryvnias were financed.

Providing employers with compensation for the actual costs of arranging workplaces for employed persons with disabilities (Resolution of the Cabinet of Ministers of Ukraine No. 893 of 22.08.23).

As of 31.03.24, 267 decisions have been made to provide such compensation to 267 persons since the resolution entered into force; funded payments in the amount 16 236,5 thousand hryvnias.

Since the beginning of the year, as of 31.03.24, 204 decisions have been made to grant such compensation to 204 persons; payments in the amount of 12 488,9 thousand UAH were financed.

In connection with the introduction of martial law in Ukraine by the Law of Ukraine dated 21.09.2022 No. 2622-IX "On Amendments to Certain Legislative Acts of Ukraine Regarding the Reform of the Employment Service, Social Insurance

in Case of Unemployment, Promotion of Productive Employment of the Population, Including Youth, and implementation of new active programs on the labor market (hereinafter - Law No. 2622), which entered into force on October 29, 2022, Chapter VIII "Final Provisions" of Law No. 1533 was supplemented by Clause 33, which established new norms for the period of martial law. In particular, it was established that in accordance with paragraphs five to six of Clause 33 of Law No. 1533 (as amended by Law No. 2622), during martial law, the duration of unemployment benefits may not exceed 90 calendar days. To the unemployed, whose unemployment benefit payment period exceeds 90 days on the date of entry into force of Law No. 2622, the payment of unemployment benefit is terminated 30 calendar days after the date of entry into force of Law No. 2622. For persons of pre-retirement age (one year before reaching the relevant age and if the insurance period required for the appointment of a pension based on the age defined by parts one to four of Article 26 of the Law of Ukraine dated 07.09.2003 No. 1058-IV "On mandatory state pension insurance"), the duration of unemployment benefits cannot exceed 360 calendar days.

After the end of martial law, unemployment benefits will be paid in accordance with the provisions of Law No. 1533, which were in effect before the introduction of martial law.

Ukraine faced an unprecedented migration crisis. As of July 2023, about 4.1 million citizens of Ukraine have used the status of temporary protection in the EU. Adult women make up 46.6% of people who received temporary protection, 55% of them were women aged 35 to 64. Children accounted for 34.2%, while the share of adult men in the total number of persons who received temporary protection was only 19.2%. In contrast, the shares of boys and girls under the age of 14 and between 14 and 17 were similar.

The main EU countries receiving beneficiaries of temporary protection from Ukraine were Germany (1,153,865 people; 28% of the total number), Poland (971,080; 24%) and the Czech Republic (357,540; 9%).

We can claim that the labour force among forced migrants is at least 1.4 million people. Also critical is the issue of children and youth, who will later join the ranks of the economically active part of society.

A significant share of forced migrants has higher and secondary special education, 66% and 22%, respectively.

It is a matter of time before they can move from forced migrants to the status of labour and then to the diaspora.

Labour market integration among Ukrainian forced migrants is faster compared to other groups of forced migrants from other countries.

According to the Office of the United Nations High Commissioner for Refugees, about 35% of forced migrants are employed or self-employed, and this number is currently increasing.

According to the Office of the United Nations High Commissioner for Refugees, most forced migrants are employed at a lower level than before in Ukraine, and this is more common among women than among men. Many work in low-skilled jobs, and a small percentage work in the informal sector, potentially due to gaps in information about access to the labour market. While childcare was identified as a barrier to employment, limited knowledge of the local language, skills mismatch, difficulties in having qualifications recognized and lack of opportunities for decent work were more common.

Temporary jobs and part-time work are popular among Ukrainian forced migrants, which can cause low stability of employment and more difficult adaptation to a new environment.

The departure of people directly due to the war already leads to a shortage of labor in Ukraine, which affects absolutely all areas of the economy.

The return of forced migrants is important from the perspective of ensuring rapid and sustainable economic growth: to grow at a rate of 7% per year, Ukraine will need to attract 3.1 to 4.5 million people to the labour force by 2032 (even assuming that most of the forced migrants plan to return). The potential labour shortage cannot be overcome solely by Ukraine's internal resources.

At the same time, over time, the desire of forced migrants to return decreases due to their integration into the recipient countries. Without an effective state policy in the field of forced migrants' return, Ukraine may lose up to \$113 billion in GDP over 10 years (in 2021 prices), which may also mean a loss of about \$45 billion in tax revenues.

The labour shortage affects various professions, but technical and engineering specialties, medical workers, scientists, and other qualified specialists are particularly vulnerable. Despite the high level of unemployment, certain specialties are in short supply.

The draft Law on the program of economic reintegration of Ukrainian citizens who received income abroad has been developed. The project's goal is to stimulate the return of labor migrants, investment of earned funds in the national economy, and development of self-employment and small entrepreneurship. The specialized program will supplement the "eRobota" grant project aimed at supporting new businesses.

The main goal is to ensure the stable development of the Ukrainian economy, retain talented specialists and provide our state with the workforce necessary for further progress and prosperity.

Ukraine needs to develop a full-fledged economic migration policy, work on which is already beginning. Thus, the Ukraine Facility Plan project, at the same level as the Population Employment Strategy, included the Migration Policy Strategy, which will be focused both on the return of Ukrainians from abroad and on attracting foreigners and their integration.

Ensuring the return of people of working age after the war is one of the priority tasks of migration policy. Our strategy is to create incentives for the return of experienced employees, and provide opportunities for professional development and attractive employment conditions.

With the beginning of the full-scale invasion of the Russian Federation, there were changes in the labour market due to external migration, internal displacement of the population, relocation of enterprises and reduction of labor demand.

In 2023, the demand for workers increased due to enterprises' adaptation to new operating conditions during martial law and a partial recovery of economic activity. One of the main problems of employment of jobseekers and provision of employers' needs for workers is the professional and qualification imbalance and individual differences between the demand and supply of labor force, which are increasing regionally.

Regarding the provision of youth services by the State Employment Service

In accordance with the current legislation, the State Employment Service ensures the implementation of the constitutional right of young citizens to work and social protection against unemployment.

Young people who apply to the State Employment Service are provided with assistance in selecting a suitable job, including temporary employment, career counseling and career selection services, in particular with the use of test methods.

In 2023, 175,6 thousand youth (26% of the total number of job seekers) used the services of the State Employment Service, of which 126,0 thousand had the status of unemployed. With the assistance of the State Employment Service, 57,5 thousand young people were employed.

In the first quarter of 2024, 61,3 thousand youth (25% of the total number of job seekers) used the services of the State Employment Service, of which 45,3 thousand had the status of unemployed. With the assistance of the State Employment Service, 14,8 thousand young people were employed.

Regarding the provision of services by the State Employment Service to women and men

The Law of Ukraine "On Population Employment" stipulates that the state guarantees a person the right to protection against any manifestations of discrimination in the field of population employment, in particular, based on gender. Job postings may not offer jobs only to women or only to men, except for specific jobs that can only be performed by persons of a certain gender.

In accordance with the Law of Ukraine "On Employment of the Population", women and men who apply to the SES are provided with all employment assistance

services provided for by the legislation, regardless of gender. During 2023, 664,6 thousand people used the services of the State Employment Service, including 448,9 thousand women (67%) and 215,7 thousand men (33%). With the assistance of the State Employment Service, 240,4 thousand people got a job, including 157,6 thousand women (66%), as well as 82,8 thousand men (34%).

In the first quarter of 2024, 247,6 thousand people used the services of the State Employment Service, of which 180,6 thousand were women (73%) and 67,0 thousand were men (27%). With the assistance of the State Employment Service, 55,6 thousand people got a job, including 38,8 thousand women (70%), as well as 16,8 thousand men (30%).

Regarding the imbalance in the labour market

To expand job search opportunities through the joint efforts of the Ministry of Economy of Ukraine, the State Employment Service and leading job search sites (work.ua, robota.ua, novarobota.ua, pidbir.com, grc.ua, ua.jooble.org) in September 2022 "Unit portal of vacancies" was created.

In the first quarter of 2024, there were about 230 thousand vacancies daily on the Unified Job Portal (in 2023 - about 200 thousand vacancies).

In contrast to the pre-war period, when there was an insufficient number of jobs on the labor market, today the main problems are the professional and qualification imbalance and the lack of qualified personnel, which is caused, in particular, by the departure of a large part of citizens abroad, as well as mobilization measures.

As the demand for labour increases, structural unemployment is exacerbated, which is characterized by a mismatch between the demand for labour and its supply in terms of professional qualifications. The greatest difficulties arise in filling vacancies with qualified workers.

According to the Pension Fund of Ukraine, as of 1 January 2024, the number of insured persons was 1,874,304, which is 272,033 more than in the corresponding period of 2023.

According to the State Employment Centre, which is available on its official website, the number of unemployed people was 483,200 in 2023, 867,600 in 2022, and 1191,000 in 2021. In other words, during 2021-2023, there was a steady downward trend in the number of unemployed. Compared to 2021, their number decreased by 707.8 thousand people. As of 1 January 2024, 96 thousand registered unemployed received services from the State Employment Service. As of 1 March 2024, the number of registered unemployed stood at 109.8 thousand people.

According to various estimates, the share of workers who work without formal employment and do not pay taxes is 20-30%, depending on the region, industry, qualifications, etc.

According to the latest published data on the official website of the State Statistics Service of Ukraine (2021), the number of informally employed people was 3061.6 thousand (17.6% of the total employed population, i.e. almost one in five).

Undeclared labour in Ukraine most often manifests itself in the following forms

- economic activity without state registration;
- hired labour without formalising labour relations;
- concealment of part of the hours worked and wages from state authorities;
- disguising labour relations as other forms of activity (civil law relations, fictitious self-employment, registration of a private entrepreneur, etc.)

Employment in the informal sector of the economy, according to the latest published data (2021), amounted to 1905.4 thousand people (63.1% of the total number of informally employed or 12.2% of the total employed population). Informal employment in the formal sector of the economy was 36.9% (1113.0 thousand people).

The largest share of the informally employed population in the informal sector of the economy is in agriculture (1276.6 thousand people, or 67%), construction (327.7 thousand people, or 17.2%), and trade (68.6 thousand people, or 3.6%).

In terms of occupational groups, the largest employment in the informal sector is in the simplest occupations that do not require special training.

Since 2014 (with the exception of 2015), there has been a downward trend in informal employment in both absolute and relative terms. Thus, in 2014, informal employment amounted to 4,540.9 thousand people (25.1% of the total employed population); in 2015 - 430.3 thousand people (26.2% of the total employed population); in 2016 - 3,961.2 thousand people (24.3% of the total employed population); in 2017 - 3,695.6 thousand people (22.9% of the total employed population), in 2018 - 3541.3 thousand people (21.6% of the total employed population), in 2019 - 3460.4 thousand people (20.9% of the total employed population), in 2020 - 3061.6 thousand people (17.6% of the total employed population).

Instead, employment in the informal sector of the economy, although decreasing in absolute terms, is growing as a percentage of the total informally employed population. Thus, in 2014 (the year statistical observations began), the share of people employed in the informal sector of the economy in the total number of informally employed people was 53.1%, in 2015 - 51.78%, in 2016 - 53.8%, in 2017 - 57.07%, in 2018 - 59.15%, in 2019 - 60.5%, in 2020 - 62.3%, and in 2021 - 63.1%).

From the beginning of 2022, the State Statistics Service of Ukraine will stop collecting and summarising statistical information on informal employment.

According to the information provided by the State Statistics Service of Ukraine, the available statistical data on the number of active economic entities and enterprises, and the number of employed workers in economic entities and enterprises for 2022 compared to previous years are provided. The specified data are divided by types of economic activity according to the Classification of Types of Economic Activity DK 009:2010, harmonized with NACE (rev. 2), by size (large,

medium, small, micro) in accordance with the criteria defined in the Economic Code of Ukraine, and with the distribution by the number of employed workers (in the groupings provided for by EU Regulation 2020/1197 of 30.07.2020 on European enterprise statistics) are published on the official website of the State Statistics Service at the following links:

https://ukrstat.gov.ua/operativ/operativ2022/fin/pssg/ksg_vsmm_ek_2010_2021_u.xlsx

https://ukrstat.gov.ua/operativ/operativ2022/fin/fin_new/Kp_kved_10_21.xlsx

https://ukrstat.gov.ua/operativ/operativ2022/fin/pssg/kzpsg_vsmm_ek_2010_2021_u.xlsx

https://ukrstat.gov.ua/operativ/operativ2022/fin/fin_new/Kzp_kved_10_21.xlsx

https://www.ukrstat.gov.ua/operativ/operativ2022/fin/pdsg/kzp_ved_z_ue.xlsx

https://www.ukrstat.gov.ua/operativ/operativ2022/fin/pdsg/orp_ved_zp_ue.xlsx

https://www.ukrstat.gov.ua/operativ/operativ2022/fin/pdsg/vp_ved_zp_ue.xlsx

https://ukrstat.gov.ua/operativ/operativ2022/fin/gpd_new/arh_gpd_z_u.htm

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

- 1) carrying out measures to analyze the legislation of Ukraine with the aim of eliminating shortcomings and further harmonizing the provisions on labor and employment of the population with the acts of EU law

The Ministry of Economy has prepared a draft of the Labor Code of Ukraine to replace the current Code of Labor Laws of Ukraine, laws of Ukraine "On wages", "On vacations", "On labour protection", "On collective agreements and contracts", "On the procedure for resolving collective labour disputes (conflicts)". The draft Labor Code of Ukraine was developed in order to fulfil the obligations defined by Annex XL to Chapter 21 "Cooperation in the field of employment, social policy and equal opportunities" of Chapter V "Economic and sectoral cooperation" of the Association Agreement between Ukraine, from one party, and the European Union, the European Atomic Energy Community and their member states, on the other hand (hereinafter - the Association Agreement).

The draft Labor Code of Ukraine implements the provisions of the EU Directives, in particular:

Directive 2000/54/EC of the European Parliament and of the Council of 13.06.2002 on the protection of workers from the dangers associated with exposure to biological agents at work (seventh separate Directive, within the meaning of part

1 of Article 16 of Directive 89/391/EEC of 12.06.1989);

Council Directive 94/33/EU dated 22.06.1994 on the implementation of measures to encourage improvements in the field of safety and health protection of workers during work;

Directive 2004/37/EC of the European Parliament and the Council of 29.04.2004 on the protection of workers from the risks associated with contact with carcinogens or mutagens at the workplace;

Directive 2019/1158 of 20.06.2019 of the European Parliament and the Council on balancing work and family responsibilities for parents and guardians and repealing Council Directive 2010/18/EU;

Council Directive 2001/23/EC dated 12.03.2001 on the approximation of the laws of the member states concerning the protection of the rights of employees in the event of the transfer of enterprises, business structures or parts of enterprises or business structures;

Council Directive 97/81/EC dated 15.12.1997 on the Framework Agreement on part-time employment;

Directive 2002/14/EC dated 11.03.2002 of the European Parliament and the Council on establishing general rules for informing and consulting employees in the European Communities;

Directive 2019/1152/EU dated June 20, 2019 of the European Parliament and the Council on transparent and predictable working conditions in the European Union;

Council Directive 1999/70/EC dated 28.06.1999 regarding the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP;

Council Directive 2000/43/EC dated 27.11.2000 on the implementation of the principle of equal treatment regardless of racial or ethnic origin;

Council Directive 2000/78/EC dated 27.11.2000 on the establishment of a general system of equal treatment in the field of employment and professional activity;

Directive 2006/54/EC of the European Parliament and the Council of 05.07.2006 on the implementation of the principles of equal opportunities and equal treatment of men and women in matters of employment and employment;

Council Directive 79/7/EEC dated 19.12.1978 on the gradual introduction of the principle of equal treatment of men and women in the field of social security regarding non-discrimination in labor relations;

Council Directive 98/59/EC dated 20.07.1998 on the approximation of the legislation of the member states regarding collective redundancies;

Directive 2003/88/EC of the European Parliament and the Council dated November 4, 2003 on some aspects of the organization of working time;

Council Directive 91/383/EC dated 25.06.1995 on the addition of measures to encourage the improvement of occupational safety and health of employees who are in fixed-term employment relationships or temporary relationships;

Council Directive 89/391/EU dated 12.06.1989 on the introduction of measures to encourage the improvement of the safety and health of workers at work;

Council Directive 92/85/EC dated 19.10.1992 on the introduction of measures to encourage improvements in the safety and occupational hygiene of pregnant workers and workers who have recently given birth or are breastfeeding;

Council Directive 89/654/EEC of 30 November 1989 on minimum requirements for safety and health at work (the first separate Directive within the meaning of Article 16 (1) of Council Directive 89/391/EEC) (Official Journal L 393, 30.12.1989, pp. 1-12);

Directive 2009/104/EC of the European Parliament and of the Council of September 16, 2009 regarding minimum safety and health requirements for the use of work equipment by workers in the performance of professional activities (second separate Directive within the meaning of Article 16 (1) of Council Directive 89/391/EEC) (Official Journal L 260, 03.10.2009, P. 5 – 19);

Council Directive 89/656/EEC of 30 November 1989 on minimum health and safety requirements for the use of personal protective equipment by workers at the workplace (third separate Directive within the meaning of Article 16 (1) of Council Directive 89/391/EEC) (Official Journal L 393, 03.12.1989, pp. 18-28);

Regulation (EU) 2016/425 of the European Parliament and the Council of March 9, 2016 on personal protective equipment, repealing Council Directive 89/686/EEC (Official Journal L 81, 31.03.2016, pp. 51 – 98);

Directive 2004/37/EC of the European Parliament and of the Council of April 29, 2004 on the protection of workers from the risks associated with exposure to carcinogens or mutagens at work (sixth separate Directive within the meaning of Article 16(1) of Council Directive 89/391/EEC) (Official Journal L 158, 30.04.2004, pp. 50-76);

Council Directive 92/85/EEC of 19 October 1992 on the establishment of measures to encourage the improvement of safety and occupational hygiene at work for pregnant workers, workers who have recently given birth or nursing mothers (tenth separate Directive within the meaning of Article 16 (1) of Directive 89/391/EEC) (Official Journal L 348, 28.11.1992, P. 1 - 7);

Council Directive 89/391/EEC of June 12, 1989 on the establishment of measures to encourage the improvement of occupational health and safety of workers (Official Journal L 183, 29.06.1989, pp. 1-8);

Directive 1999/92/EC of the European Parliament and of the Council of 16 December 1999 on minimum requirements for improving the safety and health protection of workers exposed to potential danger in explosive environments (the fifteenth separate Directive within the meaning of Article 16 (1) of the Council

Directive 89/391/EEC) (Official Journal L 23, 28.01.2000, p. 57 – 64); Also, the articles of the draft Labor Code of Ukraine take into account the requirements of Article 24 of the European Social Charter (revised), in particular, the obligation to recognize the right of all employees should not be dismissed without valid reasons for such dismissal, related to their performance or behavior, or the current needs of the enterprise, institution or service.

The Ministry of Economy constantly monitors new legislative acts related to the sphere of population employment, and in the event of their non-compliance with EU law in the specified sphere, measures will be taken to eliminate discrepancies, including through legislative settlement.

2) continuation of active employment policy

According to the information of the State Employment Center, since the beginning of the year, as of 03/31/2024.

- compensation to employers for labor costs for employing IDPs during martial law - 1,882 decisions were made;

- compensation of labor costs for employment of registered unemployed IDPs - 230 decisions were made;

- compensation to employers of actual costs in the amount of a single contribution - 513 decisions were made;

- compensation to employers of 50% of actual labor costs – 235 decisions were made;

- compensation to employers of 50% of the minimum wage – 318 decisions were made;

- compensation to small business entities for actual costs in the amount of a single contribution to mandatory state social insurance - 2,362 decisions were made:

- compensation of actual expenses for arranging workplaces for employed persons with disabilities - 204 decisions were made.

3) development of a plan of measures to integrate the state employment service into the European Network of Employment Services (EURES)

The Ministry of Economy of Ukraine, together with the State Employment Center, has started preparatory work on joining the State Employment Service to the European Network of Employment Services (EURES). Currently, the analysis of regulatory legal acts is being carried out regarding the introduction of changes to the current legal acts or the need to develop new legal acts.

4) analysis of legislative acts with the aim of eliminating shortcomings and their further coordination with the acts of EU law on non-discrimination in the field of employment and, if necessary, submission of the relevant normative legal act for consideration by the Cabinet of Ministers of Ukraine

Provisions of national legislation on non-discrimination in the field of public employment correspond to EU law in this field. At the same time, the Ministry carries out constant monitoring of new legislative acts related to the field of employment, and in the event of their non-compliance with EU law in the specified field, measures will be taken to eliminate discrepancies, including through legislative settlement.

5) develop and implement a strategy to attract and reintegrate displaced persons in the Ukrainian labour market and those whose participation has been disrupted by the war as well as to address structural labour market issues and, take steps to tackle informal employment, and increase labour market participation.

Undeclared work

The main motivations for undeclared work are economic and institutional advantages for both employers and self-employed and hired workers. The economic benefits of undeclared activity are related to the possibility to benefit by evading taxes and social contributions, or to save on compliance with state requirements for occupational safety and health and other social guarantees. Institutional advantages are due to the avoidance of strict regulatory rules and the desire to ensure greater flexibility in the labour market.

The main and most relevant forms of undeclared labour in Ukraine include four main forms and a fifth additional form:

- 1) informal employment in the formal sector;
- 2) employment in the informal sector;
- 3) concealment of actual working hours and payment of wages "in an envelope";
- 4) substitution of actual labour contracts with civil and business contracts, as well as artificial use of remote and outsourcing mechanisms to conceal hired labour;
- 5) unregistered secondary employment of persons who have formalised labour relations at their main place of work.

According to various estimates, the share of workers who work without formalised employment contracts and do not pay taxes is 20-30%, depending on the region, industry, job qualifications, etc.

According to the latest published data on the official website of the State

Statistics Service (2021), the number of informally employed people was 3061,600 (19.6% of the total employed population, i.e. one in five).

Work aimed at reducing the level of undeclared work (2023)

The State Labour Service has established an Interagency Working Group to coordinate joint actions to reduce undeclared labour, including occupational injuries in the informal economy, and develop ways to implement them (hereinafter referred to as the Working Group).

The working group developed and approved the Strategy for Reducing Undeclared Work, Occupational Injuries and Diseases for 2022-2024 and the National Plan of Joint Measures to Reduce Undeclared Work and Occupational Injuries for 2023 and 2024.

In order to reduce the level of undeclared work, 155,753 information visits to employers were carried out in 2023 to inform them about the risks and consequences of undeclared work. The Pension Fund published 561 information messages in the media and 35,805 messages on Internet resources, held 6,966 public events (seminars, webinars, meetings, etc.), and sent 48,554 emails to employers on the legal requirements for formalising labour relations.

Based on the results of the measures taken, employment contracts were concluded with 210 thousand employees.

As of 01 January 2024, the number of insured persons was 8,905,484, which is 268,428 or 3.1% more than at the beginning of 2023 (as of 01 January 2023, the number of insured persons was 8,637,056).

During the period from 16.06.2023 (legislative regulation of the possibility of unscheduled control measures) to 22.12.2023, during 92 control measures on the formalisation of labour relations, 261 employees were identified who worked without an employment contract with 68 employers and 30 employees with substitution of employment contracts with other types of contracts with 7 employers.

At the same time, 125 employees were found to have concluded (executed) an employment contract but were allowed to work without notifying the State Tax Service at 45 employers.

As a result of the control measures, 90 orders to eliminate violations were issued, 54 reports on administrative offences under part three of Article 41 of the Code of Administrative Offences were drawn up and submitted to courts, and materials of 13 control measures were sent to law enforcement agencies in connection with crimes under Articles 172 and 173 of the Criminal Code of Ukraine.

Pursuant to the orders, 37 business entities eliminated the identified violations. Based on the results of the control measures, 36 employees concluded (executed) employment contracts.

In 2023, 3 information campaigns were conducted.

In March, we conducted an information campaign on conscious attitude to the formalisation of labour relations in cooperation with the State Tax Service. The campaign lasted for 4 weeks, during which 26 posts on the benefits of legal employment were posted on social media.

The "Come out into the light!" campaign ran from 1 August to 30 September 2023.

During the campaign, 24,488 employers were visited, 721 information events (seminars, webinars, meetings, etc.) were held, 84 billboards were placed, 11,841 publications were published on official websites and 189 in the media on the topic of formalising labour relations. The video was broadcast 2,328 times and the audio 437,000 times. A total of 1.9 million people were informed.

Over the course of 4 weeks, the video was broadcast on Suspilne Kultura (112 times), Suspilne Krym (154 times), Suspilne Novyny (154 times), and regional channels of Public Television (112 times each).

In addition, the video was broadcast on monitors at Ukrzaliznytsia railway stations and on Intercity trains throughout the month.

The campaign "Employment contract: Your Safety Belt in the World of Work" campaign ran through December 2023. Four infographics, five videos and 10 posts for social media were developed for the campaign. During the campaign, 10,011 employers were visited with information visits, 308 information events (seminars, webinars, meetings, etc.) were held, 5,701 publications were posted on official websites and social media, and 107 in the media on the topic of formalising labour relations. The videos were broadcast 13,495 times. A total of 417,000 people were informed.



1. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

1.3. Economic Criteria

1.3.2. The Capacity to Cope with Competitive Pressure and Market Forces within the Union



У К Р А Ї Н А



Є В Р О П А

EDUCATION AND INNOVATION

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

● *Assess the overall investment in education and R&D (% of GDP, % of public spending) and compare to EU/regional peers both in size and outcomes. Assess the level of development and importance of R&D (researchers per 1000 labor force) against EU average/regional peers or EU2020 target. Assess long-term commitment by the government to develop human capital by including information on sector strategies on education and research and their implementation. Besides investment, look at indicators such as patents per year to assess the current situation.*

A Strategic Plan of the Ministry of Education and Science of Ukraine until 2027 approved by the Ministerial Order of 7 March 2024 under No. 276 includes 9 strategic goals with European integration and digital transformation as cross-cutting priorities.

Ukraine Facility includes components related to human capital development, namely, the transformation of vocational education, and developing a safe and inclusive educational environment for access to quality education. It implies the adoption of the new versions of the Law On Vocational Education and the Law On Preschool Education aiming to contribute to promoting upskilling, reskilling and lifelong learning, building flexibility and adaptivity of the education and training system in Ukraine, and more effective involvement of women with preschool children into the labour market.

Following the European Commission's recommendations provided for Ukraine in Enlargement Package 2023 (Chapter 25) regarding the adoption of the strategy for scientific and technological development, a draft Strategy for the Development of Innovation Activity of Ukraine for the period up to 2030 was developed by the Ministry of Digital Transformation of Ukraine and the Ministry of Education and Science of Ukraine. It is expected to be approved by the Government of Ukraine shortly.

<i>Main economic indicators</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Share of research and development expenditures in GDP, %.	0,43	0,41	0,38	0,32
Share of expenditures on research and development at the expense of the state budget in GDP, %.	0,17	0,18	0,16	0,21

Number of employees engaged in research and development per 1000 employees (aged 15 and older), persons	4,8	4,9	4,4	...
Number of researchers involved in R&D per 1000 employees (aged 15 and older), persons	3,1	3,2	2,8	...

State Statistic Service of Ukraine data

Registration of inventions and utility models

	2023	I quarter of 2024
Inventions	1 158	294
Utility models	2 712	807

State Organization “Ukrainian National Office for Intellectual Property and Innovation data

Registration of industrial designs and trademarks

	2023	I quarter of 2024
Industrial designs	778	282
Trademarks	14 530	3 444

State Organization “Ukrainian National Office for Intellectual Property and Innovation data

Statistical data for 2023 on the number of researchers in the country (number of higher education and business/enterprise R&D personnel, including the proportion of women) and research funding will be available after **June 2024**.

The State budget for 2024 provides 500 million hryvnias for the modernisation of workshop facilities and purchasing new equipment for vocational technical educational institutions of Ukraine. The main directions in which workshops will be created in 72 vocational schools:

agriculture - 14 workshops;

catering - 10 workshops;

industry and mechanical engineering - 7 workshops;

construction and road transport - 6 workshops.

In the framework of the 2023 enlargement package, workshops will also be set up for professions such as welding, metalworking, woodworking, etc.

Consolidated budget expenditures on education in 2023-2024 (general and special fund)			
			million UAH
Expenditure amount	2023 (report)	2024 (plan) as of 01.03.2024	Deviation of 2024 from 2023:
GDP	6 486 100,0	7 643 000,0	1 156 900,0
Expenditures on education – consolidated budget	308 643,8	335 102,2	26 458,4
% of GDP	4,8	4,4	
Expenditures on education – state budget	60 440,1	68 665,4	8 225,3
Expenditures on education – local budgets	248 203,7	266 436,8	18 233,1

Ministry of Finance of Ukraine data

State budget expenditures on science in 2023-2024			
			million UAH
Expenditure amount	2023 (report)	2024 (plan) as of 01.03.2024	Deviation of 2024 from 2023:
GDP	6 486 100,0	7 643 000,0	1 156 900,0
State budget expenditures on scientific activities	11 810,1	13 622,2	1 812,1
% of GDP	0,18	0,18	
general fund expenditures	8 051,3	9 909,2	1 857,9
special fund	3 758,8	3 713,0	-45,8

expenditures			
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Ministry of Finance of Ukraine data

• *Reflect on education outcomes (the latest PISA scores, enrolment/completion rates), and measures taken to improve them. Is education producing professionals needed in the labour market? Include information on enrolment rates at all levels of education including early years, pre-primary, primary, secondary and tertiary as all have an impact on education outcomes in the long term.*

In the PISA-2022 cycle, the results of Ukrainian students have declined compared to the previous cycle in 2018. Specifically, there is a drop of 12 points in mathematics, 19 points in science, and 38 points in reading - only 58% of Ukrainian students attained the baseline level in mathematics, 59% in reading, and 66% in science. In contrast, the average for OECD countries shows that 69% of adolescents reached Level 2 in mathematics, 74% in reading, and 76% in science. The educational loss of Ukrainian 15-year-olds in reading can be estimated to be almost two years of schooling.

In 2023, the National Report on the results of the international study of the quality of education PISA-2022 was prepared and issued. This report was prepared in Ukraine with the assistance of the Organization for Economic Co-operation and Development (OECD). The OECD helped in developing the structure of the report, provided data and comprehensive support in its creation. On December 5, 2023, the presentation of the National Report took place.

The publication is aimed at a wide range of educators, especially education policymakers, education managers, heads of educational institutions, as well as pupils/students, their parents and the general public interested in the development of national education.

In 2024, the Order of the Ministry of Education and Science of Ukraine of January 2, 2024 under No. 3 approved the Action Plan for the implementation in 2024 of the international study of the quality of education PISA-2022 and the international study of the quality of education PISA-2025. Regional PISA-2025 coordinators have been appointed.

Work is underway to form the sample of PISA-2025 participants for the pilot stage (planned for April-May 2024) and actions to form the sample of the PISA-2025 main survey. Other actions include the translation, adaptation and coordination of test tasks and instructional materials for the pilot and main stages of PISA-2025:

The results of the participation of Ukrainian adolescents in the PISA-2022 study are used by the Ministry of Education and Science of Ukraine as guidelines for:

development of public education policy;

measures for teachers' professional development at advanced training courses, seminars, webinars, meetings of professional communities for discussion;

use by school teachers when implementing competence-based approaches in teaching;

development of programmes and educational materials within New Ukrainian School reform (NUS).

Due to the war enrolment rates at all levels of education (including early years, pre-primary, primary, secondary and tertiary) are not being calculated because of the large number of IDPs, refugees to foreign countries and the non-availability of respective data on the number of children of a certain age.

The specific weight of employed persons at all levels of higher education is 46.18% due to the monitoring of 2023, which is a slightly lower indicator, compared to 58.96% in 2021. Specialists have the highest rates at 89.95% (71.72% in 2021), the lowest values are observed at the bachelor's level at 36.27% (50.26% in 2021), as well as a decrease in the corresponding percentage of master's rates at 50.04% (61.21% in 2021), and junior specialists 42.48% (59.77% in 2021). For the purpose of monitoring, a list of Ukrainian citizens who completed their studies and obtained a diploma of higher or professional pre-higher education in the observation period from 1 November 2018 to 30 October 2019 was determined.

On 1 January 2024 there are 369,2 thousand enrolled at the professional junior bachelor level, 1,6 thousand at the junior bachelor level, 780,3 thousand at the bachelor level, 299,9 thousand at the master level.

• *Reflect on the existence, availability, enrolment rates, and outcomes of vocational training or other requalification schemes. Do they improve the employability of the unemployed? Assess the private sector's contribution to professional training and research funding.*

R&D intensity of Ukraine's GDP (expenditures on R&D in all sources as a percentage of GDP) is steadily decreasing - from 0.70% in 2013 to a critical value of 0.29% in 2021 with a slight increase to 0.33% in 2022. At such values, science in Ukraine has practically ceased to fulfill its economic function.

The volume of expenditure on the realisation of the R&D of Ukraine at the expense of all sources in 2022 amounted to UAH 16972.75 million (by 5.6% more compared to 2021). The share of funds from foreign sources (10.8%) decreased by 14.4% compared to 2021, the share of funds from domestic customers (14.4%) - by 7.8%. In the structure of funds of domestic customers, the largest share (80.4%) was the funds of organizations in the business sector.

Statistical information for 2023 will be available in July 2024.

In 2023, 664 institutions of professional (vocational and technical) education institutions will graduate 109,600 qualified workers, including: 87,800 students and

21,800 trainees from among the working and unemployed population.

According to statistic data in 2023, qualified workers were trained for: industry - 64.9 thousand people (28.8%); agro-industrial complex - 27.5 thousand people (12.2%); transport - 28.6 thousand people (12.7%); communications - 0.7 thousand people (0.3%); construction - 27.6 thousand people (12.3%); trade and catering - 53.8 thousand people (23.9%); housing and communal services and non-production types of household services for the population - 22.1 thousand people (9.8%).

The number of students graduating from the number of orphans and children deprived of parental care was 3.6 thousand. In 2023, 1,500 people with disabilities completed their studies.

According to the data of the employer survey “LABOUR MARKET OF UKRAINE 2023-2024: state, trends and prospects”, provided in 2024 by Helvetas Swiss Intercooperation, State Employment Service of Ukraine, Federation of Employers of Ukraine, on average, 35.2% of companies in Ukraine provided staff training. Compared to the previous year, 2022, this share has slightly decreased due to a decline in employee training among small enterprises. Such data generally confirm the conclusion regarding the difficult situation of a significant number of enterprises and the corresponding reduction of expenditures on employee training (Labour market 2022-2023: state, trends and prospects//https://solidarityfund.org.ua/wp-content/uploads/2023/04/ebrd_ukraine-lm-1.pdf 4).

At the same time, among large enterprises, the share of those providing personnel training increased moderately (by 2%). On average, 26% of employees received training in enterprises that provided training for employees, that is, in fact, every fourth employee. For most enterprises, however, the proportion of employees who received training did not exceed 10%.

Also, it is possible to single out a segment of enterprises that are more actively training personnel. In particular, there are 17% of companies indicate that training was conducted for more than half of the employees, of which 5% indicate that all employees received training. In general, it can be stated that the training of employees is more actively introduced by large enterprises.

According to the results of the survey, in 2023 companies in the health, energy, mining, finance and manufacturing sectors will be the most active in providing staff training. Note that these sectors have the highest proportion of large enterprises.

The most common forms of providing personnel training are workplace training (46.5%), training for new employees (22.9%). The significant importance (12%) of qualification confirmation in qualification centres.

9% of enterprises use internal continuing training programmes and short-term specialised training courses provided by external providers. 7.8% and 6.5% of enterprises indicate that they used the services of institutions of higher and vocational education, respectively. It is worth noting that 6.3% of enterprises mentioned the use of educational online platforms for training of employees. A fairly

significant number of enterprises (4.8%) indicate that they have their own certified training centers.

A network of qualification centres has been created in Ukraine, which evaluate and recognise learning outcomes obtained by individuals through formal, informal or informal education, to award and/or confirm relevant professional qualifications, and recognise relevant professional qualifications obtained in other countries. Currently, there are 73 qualification centres, of which more than 10 work on the basis of enterprises, where your skills can be confirmed by 2108 professional qualifications.

As of 26 March, 2673 certificates of professional recognition had been issued.

The most demanded professional qualifications are: Cook, Confectioner, Electric gas welder, Locksmith repairing of wheeled vehicles, Electrician for repair and maintenance of electrical equipment, Tailor, Turner.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ continue and, when the situation allows for it, accelerate repairs and rehabilitation of infrastructure, in particular the restoration of energy transmission and generation capacity, including from renewable energy sources, as well as utilities, transport infrastructure, schools and health facilities

To ensure the creation of safe conditions in educational institutions a special subvention of a total amount of UAH 2,5 billion will be allocated in 2024 from the state budget to local budgets to fund the establishment of shelters in educational institutions providing general secondary education (general schools, VET and professional pre-higher education institutions).

The Government resolution defining funds distribution procedure was approved on 12 April 2024 (No. 417). Funds will be mainly channeled to the oblasts mostly suffering from bombing and shelling, namely: to Kharkiv, Dnipro and Zaporizhzhia oblasts - up to UAH 500 million each, to Mykolaiv and Kherson oblasts - up to UAH 200 million each, to Odesa, Sumy and Chernihiv oblast - up to UAH 150 million each. Aiming to ensure efficient and transparent use of public funds the subvention will be distributed via DREAM platform (<https://dream.gov.ua/>) using online applications to be submitted by territorial communities.

→ take steps to improve the quality of education and training, including for Ukrainians returning from abroad, to ensure outcomes align with the needs of the

labor market, including the skills required for reconstruction. Ensure that the education system is also equipped to re-integrate Ukrainians returning from abroad

With the aim of improving the quality of education several measures are being developed in the higher education sector, namely draft laws providing for changes in the approaches to higher education funding (reg. No 10399), and ensuring opportunities for individual educational tracks and improvement of the educational process in higher education (reg. № 10177) were approved by the Verkhovna Rada of Ukraine in the first reading.

An updated Procedure for accreditation of study programs in higher education was developed and submitted for consideration of the central government authorities.

Draft curricula for the accelerated study of Ukrainian history, Ukrainian literature and geography have been developed to reintegrate Ukrainian schoolchildren returning from abroad - they will be approved by the order of the Ministry of Education and Science of Ukraine shortly.

Steps are taken supported by development partners to provide training for teachers of English language and other EU official languages willing to promote the usage of internationally recognized current practices of teaching foreign languages.

Law of Ukraine "On Professional (Professional and Technical) Education" provides the possibility of obtaining a second working profession free of charge 3 years after obtaining the previous profession and with insurance experience, as well as obtaining partial professional qualifications for training and retraining under short-term programs for specific needs in the reconstruction of the country.

In 2023, short-term courses for adults (including internally displaced persons) have been organised to obtain partial qualifications. More than 1,000 people have already been trained, 30% of whom have been employed. International partners support VET institutions in organising such courses, including through the purchase of consumables, payment for teaching staff, on-the-job mentors, etc.

Short-term retraining and upskilling courses in certain professions are offered to Ukrainians returning from abroad, women and those from among IDPs, inter alia, within the Skills4Recovery program supported by German Government (26 VET institutions from Dnipropetrovsk, Poltava, Kyiv, Vinnytsia, Chernivtsi and Lviv oblasts were selected to provide short-term retraining programmes in construction, logistics, service industry, agriculture).

PHYSICAL CAPITAL AND QUALITY OF INFRASTRUCTURE

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

1. The existence of a functioning market economy

*Business environment**

In the electronic communications sector, despite the full-scale armed aggression of the Russian Federation against Ukraine, ECN/ECS providers constantly adapt to today's challenges, continue to improve business processes and provide access to modern electronic communication services. This is evidenced to some extent by the number of business entities in the Register of providers of electronic communication networks and services (hereinafter – the Register) which, as of 04.02.2024, reached 4 463 enterprises, which is 2 427 more comparing to the end of 2022 (Note: With the entry into force of the Law of Ukraine “On Electronic Communications”, providers of electronic communications networks and services had to reapply to be included into the new Register). The actual number of business entities engaged in the provision of electronic communication services has reached the pre-war level, which demonstrates the positive dynamics of the sustainable development of the sector and indicates the growth of competition in almost all service markets and in the territory of all regions.

Economic activity in the electronic communications sector is carried out on the basis of general authorization, except for the prescribed cases of using the radio frequency spectrum and numbering resources. Business entities that intend to carry out economic activities as providers of ECN/ECS send a notification on the start of the business activity to the Regulatory authority (NCEC), which is the basis for including such a business entity in the Register. Likewise, the exclusion from the Register is carried out on the basis of the relevant application of the business entity or the data of the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Formations on the termination of the activity of a legal entity or the termination of the entrepreneurial activity of an individual entrepreneur. There is no fee for the inclusion of a business entity into the Register or exclusion therefrom.

Despite the exemption of business entities, for the period of martial law, from the obligation to submit regulatory reports, as well as the Regulatory authority (NCEC) not conducting supervision related to the timeliness and completeness of regulatory reporting, more than 3 600 ECN/ECS providers still submitted reports for 2023.

*Privatisation and restructuring**

There are no state-owned enterprises in the electronic communications sector providing publicly available electronic communications services. The sector is liberalized and very competitive, as evidenced by the number of business entities entered in the Register of providers of electronic communication networks and

services (4 463 enterprises). According to 2023 results, the total revenue from the provision of electronic communication services amounted to more than 97 billion UAH (1.49% of Ukraine's GDP) – increased compared to the previous year and, despite the war, as did the capital investments in the electronic communications sector (in general), which amounted to 18.9 billion UAH.

2. The capacity to cope with competitive pressure and market forces within the Union

*Physical capital and quality of infrastructure**

Despite constant destruction of or damage to telecom-infrastructure, as of 31.12.2023, there were a total of 17 385 settlements in Ukraine provided with fixed access to the Internet, which is 1 022 more than in 2022. The provision of households with fixed access to the Internet (per 100 households) was at a national average of 62%.

The number of fixed Internet access lines (points) amounted to 8.06 million units, which is almost 12% more compared to the end of 2022. At the same time, the number of such lines in rural areas increased by 25.4% and amounted to 2.12 million units, which indicates an increase in the availability of broadband access to the Internet in such areas.

In the structure of the distribution of lines (points) of Internet fixed access in terms of technologies, the largest number of lines were fiber-optic cable, amounting to 7.1 million points, the total share of which in 2023 was 88.1%, of which FTTx – 46.8% and xPON – 41.3%. Taking into account the dynamics of digital progress, xPON technology is not only marked by steady growth in the electronic communications market, but also has the potential for implementing gigabit connectivity, which is in line with the pan-European strategy for the development of Gigabit Connectivity.

In the structure of the distribution of lines (points) of fixed Internet access in terms of speed, the largest number of lines (points) of fixed access are:

- at speeds from 30 to less than 100 Mbit/s – over 4.2 million units;
- at speeds from 100 Mbit/s to less than 1 Gbit/s – over 2.8 million units.

The total share of these lines in the total number of lines (points) of fixed Internet access in 2023 was 88.1%

**Indicators exclude data from the Republic of Crimea and the city of Sevastopol, as well as parts of the territories that are located in the area of military operations (combat) or that are under temporary occupation, encirclement (blockade), in Donetsk, Luhansk, Zaporizhzhia and Kherson regions.*

Third, assess the level of digitalisation of the economy. Deployment of broadband infrastructure and its quality; access to such services; level of ICT skills

in population; use of the internet by the public; use of digital technology by businesses; digitisation of public services, including government.

In 2023, the Ministry of Digital Transformation of Ukraine launched the Regional Digital Transformation Index in 24 regions of the country, which includes 9 key aspects: institutional capacity, connectivity, development of administrative service centres, paperless service delivery, digital education, penetration of basic electronic services, digital transformation of industry, regional business card, sectoral digitalisation, and individual digital projects. With more than 80 indicators, the Index points to these areas, summing them up to a maximum score of 1. In 2023, the average score for Ukraine was 0.632 out of 1. As of 3 April 2024, regional data centres have been designated in 13 regions. Details of the Index: https://thedigital.gov.ua/storage/uploads/files/news_post/2023/7/mintsifra-vpershe-vimiryae-riven-tsifrovizatsii-u-gromadakh-yak-tse-pratsyuvatime/%D0%A6%D0%B8%D1%84%D1%80%D0%BE%D0%B2%D0%B0%20%D0%B3%D1%80%D0%BE%D0%BC%D0%B0%D0%B4%D0%B0_en_g_small.pdf

According to the RDNA ("Rapid Damage and Needs Assessment") updated by the World Bank together with the European Commission and the Government of Ukraine, Ukraine's total estimated needs for recovery and reconstruction currently reach 486 billion US dollars (RDNA3).

Recovery priorities for 2024 — USD 16 billion, including:

- transportation - 2.3
- social infrastructure - 2.4
- housing and utilities - 3.1
- energy - 3.4
- industry and services - 3.6
- cross-sectoral projects - 1.2

Since the beginning of the full-scale aggression, the volume of destroyed and/or damaged public highways of state importance and artificial structures on them, in the territory controlled by Ukraine (as of February 1, 2024), amounts to more than 4.2 thousand km of roads, 141 artificial structures, with a length of 15,6 thousand units. m.

For the fastest restoration of the operation of the de-occupied regions of Ukraine, after the demining of public roads of state importance, the inspection, cleaning and clearing of highways, as well as the installation of temporary crossings and the provision of passage with artificial structures, are primarily ensured.

On May 10, 2023, the program of the Government of Ukraine "eRecovery" was launched to provide compensation to Ukrainians for housing destroyed or damaged as a result of hostilities.

Owners of damaged housing spent more than 1 billion hryvnias on repairs

under the "eRecovery" program. \$153m has been approved for destroyed housing, and \$100m has been approved for damaged housing.

To date, the majority of these funds have been spent on the purchase of building materials and glass. In total, more than 69,000 Ukrainians applied for financial assistance for the restoration of damaged homes, and more than 37,000 have already received it.

The implementation of the DREAM system is key in this regard. It is a state electronic ecosystem that will provide a single digital route for all reconstruction projects. Built on the principle of "everyone sees everything".

Today, DREAM is a "single window" for the initiation and implementation of projects. A platform on which we all can (and should!) account and provide open data about the work that each of us does - the state, community, business and the public.

Today, the system already has more than 1,700 projects, including +530 in the field of education. Hundreds of communities, regional administrations, ministries and agencies have evaluated the benefits of DREAM. The main task now is to enter all restoration projects into the system and fill them with relevant data.

From March 2022 to January 2024, more than 61 million tons of grain, oilseeds and related products were exported from Ukraine by "Solidarity Lanes". Since the beginning of the war, they have allowed the export of approximately 60% of Ukraine's grain. Approximately 30% of Ukrainian grain is exported through the Black Sea ports of Ukraine.

"Solidarity Lanes" allowed Ukraine to import approximately 40 million tons of the goods it needs: military and humanitarian aid, fuel and other products.

The total value of trade through "Solidarity Lanes" is estimated at approximately 120 billion euros, of which more than 40 billion euros are Ukrainian exports, and more than 80 billion euros are Ukrainian imports.

In the conditions of the Russian blockade of Ukrainian Black Sea ports and the reorientation of domestic logistics, the Ukrainian Danube ports - Izmail, Reni and Ust-Dunaisk - took on a significant load, increasing its volume to 32 million tons in 2023, which is 6 times more than in the pre-war year 2021, the volume indicator of which was 5.5 million tons.

After the unilateral withdrawal of the Russian Federation from the Grain Initiative in the summer of 2023 regarding the safe transportation of grain and food products from Ukrainian ports, a recommended sea route was established on a temporary basis, information about which was provided to the International Maritime Organization, Bulgaria, Romania and Turkey.

The Regulation on the procedure for passage to the ports of Ukraine through the region of the northwestern part of the Black Sea under the conditions of martial law, which does not provide for restrictions on the transportation of types of cargo, has been approved.

As a result, more than 1300 vessels transported more than 36 million tons of cargo of various nomenclature through the temporary sea corridor for September 2023 - April 2024.

Progress is also being made in supporting export transportation by land transport, including grain cargoes, across the western border with EU countries.

Over the past year, it was possible to open the first new Krasnoilsk and Dyakivtsi road checkpoints on the border with Romania for the first time in 25 years, increase the capacity of the Krakivec checkpoint on the border with Poland, and for the first time in 17 years, work on the Rakhiv-Valya Vysheului railway route was resumed to Romania. Thanks to the help of the European Commission within the framework of the Solidarity Lanes, Ukraine, together with neighboring countries, hopes to implement a number of projects related to the development and improvement of checkpoints within the framework of the CEF program for 2021-2027.

At the same time, the eCherga electronic border crossing system has been launched and is successfully operating at the checkpoints.

On March 16, 2023, during the first meeting of the Joint Committee, created in accordance with the Agreement between Ukraine and the European Union on the carriage of freight by road, a corresponding decision was made to extend the validity of the Agreement until June 30, 2024 and was signed by the Heads of the Ukrainian and EU delegations.

On December 18, 2023, another meeting of the Joint Committee was held, during which the EU side emphasized the importance of the Agreement and firm intentions to extend its validity beyond June 30, 2024. We hope for the earliest extension of the said Agreement.

SECTORAL AND ENTERPRISE STRUCTURE

Information is provided under subareas “Macroeconomic stability”, “Economic integration with the EU and price competitiveness” and Chapter 20 “Enterprise and industrial policy”.

ECONOMIC INTEGRATION WITH THE EU AND PRICE COMPETITIVENESS

The degree and pace of the country's trade integration with the Union before enlargement, in particular about both the volume and nature of goods traded with member states.

The EU (27) remains Ukraine's largest trading partner. The share of these countries in Ukraine's foreign trade turnover of goods in 2023 amounted to 56.0%, compared to 55.2% in 2022 and 39.6% in 2021.

The foreign trade turnover of goods with the EU (27) countries in 2023 increased by 1.9% (by USD 1.0 billion) and amounted to USD 55.9 billion. The balance of trade in goods with the EU (27) countries was negative for USD 9.1 billion, compared to a positive balance of USD 928.3 million in 2022.

Exports of goods to the EU (27) countries decreased by 16.1% (by USD 4.5 billion) and amounted to USD 23.4 billion. The share of these countries in Ukraine's exports of goods in 2023 was 64.7%.

In 2023, more than half (53.4%) of Ukraine's exports of goods to the EU (27) were agricultural and food products. Among them: 13.0% are metallurgical products; 9.5% are machine building products; 8.8% are mineral products; 5.9% are wood and wood products; 5.0% are various industrial goods; 2.8% are chemical products; and 1.6% are light industry goods.

Imports of goods increased by 20.5% (by \$5.5 billion) and amounted to \$32.5 billion. The share of these countries in Ukraine's imports of goods in 2023 amounted to 51.1%.

In 2023, the top 3 main goods imported by Ukraine from the EU(27) countries included machinery (27.0% of total imports of goods from the EU), mineral products (20.7%), and chemical products (20.2%). These products account for almost 68% of total imports of goods to Ukraine from the EU(27). Among them: 11.5% - miscellaneous industrial goods; 11.2% - agricultural and food products; 4.6% - metallurgical products; 2.4% - wood and wood products; and 2.3% - light industry goods.

Regarding the overall level of openness of Ukraine's economy, it should be noted that currently, in the context of the ongoing full-scale war, which leads to the destruction of production facilities, narrowing of logistics capabilities (blocking of sea routes, lack of air traffic), as well as in the context of the ban on exports of Ukrainian agricultural products introduced in 2023, first by the European Commission (from Ukraine to Poland, Hungary, Bulgaria, Romania, and Slovakia), and then, after its expiration, the continued restrictions by individual countries, the application of non-tariff restrictions, and the blocking of Ukrainian goods at customs checkpoints do not contribute to the growth of Ukraine's economic openness.

Based on the NBU data, the value of exports of goods and services in 2023 decreased by 11.2% compared to 2022, while the value of imports of goods and

services, on the contrary, increased by 6.3%, respectively. At the same time, GDP in 2023, according to preliminary data, increased by 5.3%. Taken together, this led to a decrease in the level of economic openness from 86.9% in 2022 to 78.1%.

Statistics on export and import composition see here: <https://docs.google.com/spreadsheets/d/1Sjao1pDsD3JYRQJI2c5b1pLmww0dFg2Q/edit?usp=sharing&ouid=115201791514407121628&rtpof=true&sd=true>

For reference: economic openness is calculated as the ratio of the sum of exports and imports of goods and services (USD million) multiplied by the average hryvnia to the US dollar exchange rate and GDP (UAH million).

On the level and changes in trade integration with the EU and CEFTA (value of trade in goods with the EU as a % of total trade).

The foreign trade turnover of goods with the EU(27) countries in 2023 compared to 2022 increased by 1.9% (by USD 1.0 billion) and amounted to USD 55.9 billion (56% of Ukraine's total foreign trade in goods), including exports of goods to the EU(27) countries, respectively, decreased by 16.1% (by \$4.5 billion) and amounted to \$23.4 billion (64.7% of total exports of goods from Ukraine), while imports of goods from the Union countries, on the contrary, increased by 20.5% (by \$5.5 billion) and amounted to \$ 32.5 billion (51.1% of total imports of goods to Ukraine).

The foreign trade turnover of goods with CEFTA countries in 2023 compared to 2022 decreased by 5.1% (by \$ 80.6 million) and amounted to \$ 1.5 billion (1.1% of Ukraine's total foreign trade turnover in goods), including exports of goods to CEFTA countries, respectively, decreased by 10.7% (by \$ 126.6 million) and amounted to USD 1.1 billion (2.9% of total exports of goods from Ukraine), while imports of goods from the grouping countries, on the contrary, increased by 11.9% (by USD 46.0 million) and amounted to USD 433.7 million (0.7% of total imports of goods to Ukraine).

Capital and financial markets integration with the EU, if available and provides additional information to the ownership structure of banking sector

Ukrainian Banking Sector Structure

	Total number of banks	State-owned banks ¹ (number)	Foreign-owned banks ²		Total number of banks of foreign banking groups from EU countries
			Total number	of which from EU countries	
1 January 2019	78	4 ³	37	23	15

1 January 2020	75	4 ³	35	22	14
1 January 2021	74	4 ³	33	21	14
1 January 2022	71	4 ³	33	21	14
1 January 2023	67	4 ³	29	20	13
1 January 2024	63	5 ⁴	27	19	12

1 Pursuant to Article 7 of the Law of Ukraine On Banks and Banking, a state-owned bank (SOB) is a bank in which the state owns 100 % of the authorized capital.

2 Ukrainian law allows to open banks with foreign capital meaning a bank where the share of capital, owned by at least one foreign investor is not less than 10 %.

3 Oschadbank JSC, Ukreximbank JSC, PrivatBank JSC (100% SOBs) and UKRGASBANK JSB (controlled by the state).

4 Oschadbank JSC, Ukreximbank JSC, PrivatBank JSC, Sense Bank JSC (100% SOBs) and UKRGASBANK JSB (controlled by the state).

5 Oschadbank JSC, Ukreximbank JSC, PrivatBank JSC, Sense Bank JSC (100% SOBs) and UKRGASBANK JSB, FIRST INVESTMENT BANK JSC (controlled by the state).

As of the reporting date (08.04.2024), 63 banks operate in Ukraine, including 26 foreign-owned banks (including 19 banks from EU countries and 12 banks belonging to foreign banking groups from EU countries) and the following state-owned banks⁵: Oschadbank JSC, Ukreximbank JSC, PrivatBank JSC, Sense Bank JSC, UKRGASBANK JSB. Also, according to the ownership structure of FIRST INVESTMENT BANK JSC as of the reporting date, the owner of a qualifying holding in the bank is the State of Ukraine represented by the State Property Fund of Ukraine, which owns 88.890583% of the bank's shares based on the decision of the High Anti-Corruption Court dated 27 February 2023.

1. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

1.4. Public Procurement, Statistics, Financial Control

CHAPTER 5 – Public Procurement

ЕУШУА

У К Р А І Н А

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Є В Р О П А

Answers to the Guiding Questions

1. Institutional set up and legal alignment

- ***General principles: Does the national public procurement legislation reflect TFEU principles, such as non-discrimination, free competition, transparency, equal treatment?***

The Law of Ukraine “On Public Procurement” (hereinafter, the PPL, the Law) is based on the principles of non-discrimination, transparency, free competition, and equal treatment of economic operators applying for public contracts.

Further alignment will be achieved due to the task “Further harmonization of the legislation with the requirements of the legislation of the European Union” set in the already approved Strategy for Reforming the Public Procurement System for 2024-2026. The Ministry of Economy of Ukraine has already developed the Draft Law, which makes changes to the Law of Ukraine “On Public Procurement” and introduces significant developments, which are aimed at the EU acquis legal approximation, this Draft Law is described in detail in the section “Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package”.

In addition, creation of another draft law by the IV Quarter of 2025 is planned, which will mark another step in aligning with the EU acquis.

- ***Scope: Do these TFEU principles also apply to areas outside of the scope of the EU Directives, i.e. below EU thresholds and areas, where MS are free to include different provisions compared to the EU Directives? To what extent are these provisions not aligned with/in conflict with the acquis? Are there any mandatory local content requirements in the national legislation? Are the rules on inter-governmental exemption aligned with the relevant provisions of the EU Directive?***

More specifically, Article 5 of the PPL strictly forbids discrimination on national or related grounds, stating that “Domestic and foreign tenderers, regardless of their form of ownership and business legal structure, shall participate in procurement procedures on equal terms”.

However, Article 6¹ of the PPL (Title X “Final and Transitional Provisions”) provides for a requirement that offers submitted in public procurement procedures contain (within a period of 10 years after the entry into force of that law) certain minimum “domestic” content. The degree of this content should increase every year up to a minimum of 40 % as of 2028).

Compliance with the international commitments of Ukraine is ensured, though, by inclusion in the final and transitional provisions of the PPL of the following provision (which seems to apply with regard to GPA but also Association Agreement Ukraine - EU):

“This paragraph (envisaging domestic content provisions) does not apply to procurements that fall under the provisions of the Law of Ukraine “On Ukraine's Accession to the Agreement on Public Procurement”, as well as provisions on public procurement of other international treaties of Ukraine approved by the Verkhovna Rada of Ukraine”.

- ***Alignment (i): Is the law on public procurement aligned with the Directives on classical and utilities procurement EU/2014/24 and EU/2014/25?***

The Law regulates both the general public procurement sector and the utilities sector by implementing provisions of the Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors as required by relevant provisions of the Association Agreement.

The scope of The Law complies with the requirements of the Directive 2014/24/EU.

Compared with the Utilities Procurement Directive (2014/25/EU), the Law covers (Article 2, parts 1 and 2 of the PPL) the concept of “contracting entities”, legal entities, and/or economic operators operating in one or several certain areas of economic activity.

The Law is considered to be significantly compliant with the indicated EU Public Procurement Directives, confirmed during the last several years within annual reviews of Association Agreement implementation progress. Additional proof of legal compliance is Ukrainian membership in the Government Procurement Agreement (hereinafter—GPA) of the WTO together with all EU members and active cooperation with EU representatives under the WTO GPA Committee.

It is important to note that the consistent adaptation of Ukrainian legislation to EU standards in the field of public procurement during 2015-2022 was carried out in accordance with the action plan for the implementation of the Strategy for Reforming the Public Procurement System (the “roadmap”), approved by the Cabinet of Ministers of Ukraine on February 24, 2016, № 175-r. During the implementation of this action plan, there was a gradual approximation to the provisions of Directives 2014/24 and 2014/25, which ensured a fairly high percentage of the implementation status of these EU legal acts at the current stage. Most of the provisions of Directives 2014/24 and 2014/25 have already been implemented in national legislation, along with the full implementation of the Common Procurement Vocabulary.

It is also important to note that a certain number of possible discrepancies between Ukrainian procurement legislation and EU norms require additional study and consultations with both experts within the framework of EU technical assistance and direct representatives of the European Commission, who will be responsible for the final conclusions on compliance with the EU *acquis* in the field of public

procurement.

• ***Alignment (ii): Is there a law on concession, which incorporates Treaty principles and which is aligned with the Directive EU/2014/23 on concessions? Has the country adopted rules in the area of defence and sensitive security procurement that are aligned with Directive 2009/81/EC?***

The Law “On Concession” was developed based on the EU Concession Directive 2014/23/EU and adopted by the Verkhovna Rada on October 03, 2019.

The Law of Ukraine “On Defense Procurement” (hereinafter – the Law) defines the general legal principles of planning, the procedure for forming the scope and specifics of procurement of defense goods, works and services to meet the needs of the security and defense sector, as well as other goods, works and services for the guaranteed provision of security and defense needs, as well as the procedure for state and democratic civil control in the field of defense procurement.

The purpose of this Law is to determine the legal basis for provision of the material, technical and scientific needs of the security and defense sector of the state through the effective and transparent implementation of defense procurement in compliance with measures to protect national interests, the creation of a competitive environment, the prevention of corruption in the field of defense procurement, the development of fair competition, and as well as effective and transparent planning, implementation and control of defense procurement.

This Law also provides for the harmonization of Ukrainian legislation in the field of defense procurement with the provisions of Directive 2009/81/EU (hereinafter - the Directive) in accordance with the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their member states, on the other hand.

The law was adopted and signed on July 17, 2020 No. 808-IX with entry into force in 2021, however, during the period of martial law caused by the aggression of the Russian Federation and the subsequent war, these procedures were actually replaced by direct contracting, which seems quite understandable and justified and logical in light of the provisions of EU legislation, both the Treaty on the Functioning of the EU (Article 346) and the provisions of the Directive relating to crisis situations.

As for the state of compliance with EU rules, the Law:

- in the part that dealing with definitions, scope and general principles has common definitions and characteristics (e.g. definitions of “subcontract”, “life cycle”), but definitions of key terms such as “contracts”, “works contracts”, “contracts for supply”, “contracts for the provision of services”, etc., are identical as in the EU Directive on public procurement. In addition, some of the definitions and formulations in the Law have a more extensive interpretation and definition;

- in June 2022, the Ministry of Defense established the state enterprise

“Defense Procurement Agency” (hereinafter - SE “AOZ”), which since August 2023 performs the function of the state customer service for procurement of military products and weapons in the defense sector. Also, in November 2023, the Ministry of Defense established the state enterprise “State rear operator” (hereinafter - SE “DOT”), which from December 2023 performs the function of the service of the state customer to meet the needs of the Armed Forces of Ukraine in food, clothing, equipment, fuel and lubricants etc;

- as an exception, during the period of martial law in Ukraine, simplified procurement is applied without the use of the electronic procurement system for military products and weapons in the defense sector. However, in 2024, SE “AOZ” conducted open procurement of pickups and FPV drones in the interests of the Armed Forces of Ukraine through the electronic procurement system Prozorro;

- SE “DOT” in accordance with the powers assigned to them and approved procedures conducts more than 90% of tenders through the electronic procurement system Prozorro. As of the end of March, 153 contracts worth UAH 23.8 billion were concluded, as a result of which it was possible to save UAH 7.6 billion from the proven cost.

- ***Is the primary legislation complemented as appropriate by corresponding secondary legislation, prepared in a timely manner? Are procurement regulations clear and free from overregulation? Are they harmonised and supported with budget and expenditure regulations and other laws, so that public contracts can be prepared, awarded, and managed in line with good project management principles?***

The Law of Ukraine “On Public Procurement” is supported by secondary legislation, which clearly regulates and specifies all necessary aspects of procurement, such as monitoring, training, requirements for authorized persons, peculiarities of e-system functioning, specifics of CPBs operation, appeal, local content requirements; framework agreements; automatic risk indicators; life cycle and expected cost; authorised person; sample tender documentation.

- ***Is there a clear political and legal mandate for a central public procurement entity with policy making functions to initiate, implement, and monitor public procurement reform in all sectors? Do the central public procurement institutions have the necessary authority and resources to exercise their functions and duties effectively and efficiently, and do they do so?***

In accordance with the Regulation on the Ministry of Economy of Ukraine, the Ministry of Economy is the main body in the system of central executive authorities that: ensures the formation and implementation of the state policy of public procurement; develops and approves regulations necessary to regulate the state policy in the field of public procurement; analyses the functioning of the public procurement system; generalises the practice of public procurement, including

international one, and studies, summarises and disseminates international experience in public procurement; ensures the functioning of the web portal on public procurement and the information resource, as well as provides content for such resource; interacts with the public on the improvement of the public procurement system and organises meetings and seminars on public procurement; carries out international cooperation in the field of public procurement; cooperates with public authorities and non-governmental organisations to prevent corruption in public procurement; authorises electronic platforms and decides to disconnect authorised electronic platforms from the electronic procurement system; considers requests for the determination and/or establishment of centralised procurement organisations; develops methodologies together with other bodies on the specifics of public procurement in various fields and publishes them on the information website.

● ***Has the country established comprehensive public procurement development strategy/action plan, which is responsive to existing challenges, and includes a clear harmonisation schedule? Is the strategy/action plan implemented in line with the foreseen timeframe and supported by required resources?***

The Ministry of Economy of Ukraine developed and the Government approved the Resolution of the Cabinet of Ministers of Ukraine № 76-r dated 02.02.2024, “On Approval of the Strategy for Reforming the Public Procurement System for 2024-2026 and Approval of the Operational Plan for its implementation in 2024-2025” (hereinafter - the Resolution, the Strategy).

The Resolution sets seven strategic goals for reforming the public procurement system:

- development of the institutional structure of public procurement;
- harmonisation of Ukrainian public procurement legislation with the relevant EU Directives;
- implementation of Ukraine's reconstruction projects;
- development of an electronic procurement system;
- professionalisation of public procurement;
- involvement of civil society in the development of public procurement;
- international cooperation in the field of public procurement.

In addition, the Resolution provides the integration of the electronic procurement system with the Digital Restoration Ecosystem for Accountable Management “DREAM” and the development of a module in the electronic procurement system that will allow the formation of a public procurement, in particular, to determine the stages, terms and other features of a public procurement with funds from international financial organisations.

The strategy's financing is carried out at the expense and within the limits of the state and local budgets approved for the relevant year and other sources not

prohibited by law, including international technical assistance.

The expenditures for implementing the strategy are determined every year during the drafting of state and local budgets for the corresponding year, taking into account their real capabilities.

● ***Is there a well-functioning central public procurement portal for the publication of tender and contract notices, as well as other important information and guidance? Are there any further steps of e-procurement planned or implemented in the country?***

The main legislative act that regulates the functioning of the national electronic procurement system and contains the main provisions of the system is The Law of Ukraine “On Public Procurement”, due to which from April 1, 2016, the electronic procurement system (“Prozorro”) became mandatory for central authorities and monopolists (contracting authorities stipulated in point 4 of part 1 of article 2 of The Law). And from August 1, 2016 - for all other contracting authorities.

Contracting authorities publish tender announcements in the electronic procurement system, and suppliers submit commercial offers. This is done through the e-auction module, which contracting authorities and suppliers can access through electronic platforms authorised by the electronic procurement system.

Information on tenders enters the central database of the electronic procurement system and is published simultaneously on the portal prozorro.gov.ua and on all authorised platforms.

The planned tasks of the Strategy for Reforming the Public Procurement System for 2024-2026 include further development of an electronic procurement system (formation of a list of standardised documents shown in e-form, implementation of tender documentation and tender offer in electronic form in the electronic procurement system, implementation of electronic complaints in the electronic procurement system, updating and approval of automatic indicators of public procurement monitoring risks and several other improvements).

● ***Is there an adequate oversight and monitoring system for public procurement in place, providing ready access to data and follow up on potential identified weaknesses and irregularities?***

According to the Law of Ukraine, “On the Main Principles of the Public Financial Control in Ukraine”, the State Audit Service/SAS and its interregional territorial bodies exercise control over compliance with the legislation in the sphere of procurement, in particular via procurement monitoring.

The procedures for monitoring the procurement procedures and the specifics of implementing the results of procurement monitoring are defined in Article 8 of the Law of Ukraine "On Public Procurement".

Procurement monitoring means the analysis of a contracting authority's compliance with the public procurement legislation during the procurement procedure, the conclusion of a contract and its performance aimed to prevent violations of the public procurement legislation.

Civil Society Organizations exercise an increasingly important oversight role by monitoring public procurement and anti-corruption activities. In Ukraine, civil society organisations and their associations are entitled to free and full access to information about public procurement and can monitor these activities. An important role is played by NGO Transparency International Ukraine, which was the first initial owner of the PROZORRO IT-system (further transferred to the Ministry of Economy on a free-of-charge basis) and now is the owner of analytical tool BI.PROZORRO (www.bi.prozorro.org) and NGOs monitoring online portal Dozorro (www.dozorro.org).

2. Implementation and enforcement capacity

• ***Is there a well-functioning Public Procurement Authority, Public Procurement Review Body and monitoring and auditing bodies? Do these authorities/bodies have the necessary resources (e.g. human resources, IT)?***

The main institution responsible for public procurement policy is “the Authorised Body” mentioned in Article 7 of the Law. The Authorised Body is responsible for regulating and implementing the state procurement policy within the scope of its powers established by the Law. Currently, the Ministry of Economy takes the role of the Authorised Body.

Other stakeholders in the field of public procurement are:

- The State Audit Service/SAS (<https://dasu.gov.ua/en>) as a key governmental control body carrying out planned and ad-hoc audits of compliance by contracting authorities with the rules for the disbursement of budgetary funds and the regulations for the use of state-owned and municipal assets including control/oversight over public procurement operations conducted through PROZORRO;
- The Anti-Monopoly Committee of Ukraine/AMCU (www.amcu.gov.ua) as the Complaints Review Body in the context of ongoing public procurement procedures and also the enforcement agency in regard to bid-rigging;
- The Accounting Chamber/AC (<https://rp.gov.ua/>), exercising parliamentary control over the execution of the state budget, the efficiency of public institutions in the implementation of budgetary programs and the effectiveness of public procurement as a component of public finance management;
- The State Treasury Service (www.treasury.gov.ua) carrying out operational control over payments to be made under public contracts resulting from public procurement procedures;
- State Enterprise/SE PROZORRO (www.prozorro.gov.ua) is the IT operator and administrator of the e-procurement system subordinated to the Ministry of

Economy;

The above-mentioned bodies did not point out the problems of the lack of human resources.

Civil society organisations exercise an increasingly important role of oversight by monitoring public procurement and anti-corruption activities. In Ukraine, civil society organisations and their associations are entitled to free and full access to information about public procurement and can monitor these activities. A specific important role is played by the NGO Transparency International Ukraine, which was the first formal owner of the PROZORRO IT system (further transferred to the Ministry of Economy on a free-of-charge basis) and now owns the analytical tool BI.PROZORRO (www.bi.prozorro.org) and NGOs monitoring online portal Dozorro (www.dozorro.org).

● ***Is due attention given to the planning and preparation of public procurement so that it is carried out competently, in a timely manner, and in consultation with stakeholders?***

Article 4 of the PPL sets out the conditions for Procurement Planning and other prerequisites for public procurement in Ukraine (such as the preliminary market consultations).

● ***Are procurement procedures chosen with a view to ensuring effective competition and timely and efficient proceedings? Is the use of less transparent procurement procedures duly limited to certain cases and duly controlled, to adequately regulate their application while limiting the scope for malpractices? Are direct awards regularly applied? If yes, in which situations?***

The Law applies, in principle, to any public procurement contracts concluded by contracting authorities as defined in The Law, provided that the estimated value of the works, goods, or services to be procured equals to or exceeds specific monetary thresholds (much lower than provided in the EU procurement directives) with the exception of specific contracts explicitly mentioned in Article 3 of the Law. Reasons for exemption of certain categories of goods or services are the same as in the case of the EU public procurement directives: sensitive character of purchase or inappropriateness or impracticability of public procurement rules in specific situations. In general, the list of exceptions is based on provisions of the EU *acquis* and *WTO GPA*. However, not all exemptions provided in the EU public procurement directives are provided in the Law that is natural at this stage.

In the case of procurement without using an e-procurement system (only for amounts less than 50,000 UAH), the contracting authority shall publish in accordance with Article 10 of The Law, the report on the awarded contract in the e-procurement system.

Additionally, The Strategy for Reforming the Public Procurement System for

2024-2026 includes the task related to the revision of the list of reasons for applying the negotiated procurement procedure in accordance with the provisions of EU directives.

- ***Is public procurement used to reach strategic objectives, by using sustainable, social, and innovation procurement? Do public procurers have the capacity to apply these provisions and the use of best price quality ratio?***

The Law envisages the possibility of using the criterion of evaluation based solely on price or a multi-criteria evaluation. In case the multi-criteria evaluation is used, the price component cannot be less than 70 % of the weight except for the application of a competitive dialogue procedure where the weight of price remains under the discretion of the contracting authority. The Law lists a non-exhaustive list of other criteria, which may be applied, for example, terms of payment, completion period, warranty maintenance, technology transfer of and training of managerial, scientific and production personnel, application of environmental and/or social protection measures related to the procurement item etc.

The Law operates the “most economically advantageous tender/offer” which means a tender/offer recognised to be the best one as a result of tender/offer evaluation in accordance with Article 29 of The Law.

From April 2020, it is possible to use life-cycle cost evaluation criteria/approaches reflecting the purchase price plus other costs that will be directly incurred by the contracting entity in the use, maintenance, or disposal of the procurement item. As with the lowest price criterion, life-cycle costs can be used solely or in combination with other criteria. In the latter case (in combination with other criteria), life-cycle costs cannot be less than 70 % of weight (except for competitive dialogue).

The Ministry of Economy of Ukraine developed the Draft Law of Ukraine “On Amendments to the Law of Ukraine “On Public Procurement” and Other Laws of Ukraine on Improving Public Procurement” and submitted it to the Government on 26.03.2024. The draft law proposes to take away the obligation of the contracting authority when organising the procurement to state a price component that is not less than 70 % of the weight (thus giving the flexibility to orient more on the quality aspects of the procured item). It provides for the expansion of opportunities, the introduction of new procurement instruments and the adjustment of existing ones to ensure transparent and efficient procurement for the needs of Ukraine's recovery from full-scale war and to fulfil Ukraine's international legal obligations in the field of public procurement, in particular, the use of innovative partnership procedures, reserved contracts, dynamic purchasing systems, project competition, joint procurement, aggregated procurement is introduced.

- ***Are instruments in place to evaluate contract performance and benchmark the economy, effectiveness, and efficiency of public procurement***

proceedings and of contract management by an individual contracting authority or entity?

BI Prozorro is a free tool for analysing public procurement from the Dozorro project of Transparency International Ukraine. It contains data on all procurements conducted through the electronic system since 2015. The module updates the information daily and helps analyse the dynamics, efficiency, risk, problems, potential economy and market for tenders since 2015. In addition, the module provides a comprehensive procurement analysis through the Prozorro system using more than 1000 different indicators.

● ***Are mechanisms in place, including rules on conflict of interest and collusive practices, to identify and address corrupt and fraudulent practices? Is there a risk indicator system that signals potential integrity problems in the procurement process?***

According to part 5 of Article 11 of the Law, the determination or the appointment of an authorised person (person being responsible for the organisation and conduct of procurement procedures) should not create a conflict between the interests of the contracting authority and tenderer or between the interests of the tenderers in the procurement procedure/simplified procurement, the presence of which may affect the objectivity and impartiality of the decision to choose the winner of the procurement procedure / simplified procurement.

For the goals of this Law, “conflict of interest” is clarified in Article 11 of the Law and means any situation where a staff member of the procuring entity or any person or body acting on behalf of the procuring entity who is involved in the conduct of the procurement procedure/simplified procurement or may influence the outcome of that procedure/procurement, has a private interest, which may affect the objectivity or impartiality of its decisions or the commission or non-execution of actions during the procurement procedure/procurement and/or the contradiction between the private interest of the procuring entity’s employee or any person or body acting on behalf of the procuring entity and participating in conduction of procurement procedure/procurement, and its official or representative powers that affects the objectivity or impartiality of decisions or committing or non-committing actions during the procurement procedure/procedure.

According to Article 17, the Contracting authority shall mandatorily reject any tender or refuse to participate in the negotiated procedure (except for cases specified in points 2, 4, 5 of part 2 of Article 40 of The Law) if:

- information on the legal entity that is a tenderer is included in the Unified State Register of Perpetrators of Corruption or Corruption-related Offences;
- an officer (official) of tenderer authorised by the tenderer to represent its interests during a procurement procedure, or an individual who is a tenderer has been held liable by law for the commission of a corruption offence or corruption related offence;

- a legal entity that is a tenderer (except for non-residents) has no anti-corruption program in place or has no authorised officer in charge of the implementation of the anti-corruption program appointed, where the value of the contract for the procurement of goods, services or works equals to or exceeds UAH 20,000,000 (incl. lots if any).

- there is indisputable evidence that the tenderer offers, gives or agrees to give a reward, directly or indirectly, to any officer of the procuring entity of another public authority in any form (proposal of employment, valuables, a service, etc.) with the view to influence the decision on selecting the successful tenderer or on choosing a certain procurement procedure by the procuring entity

According to paragraph 2 of Article 1 of the PPL, automatic risk indicators are criteria with predefined parameters. Their use allows for automatic selection of procurement procedures that contain signs of violations of the legislation in the field of public procurement.

The methodology for determining automatic risk indicators, their list, and application procedure are approved by the central executive body implementing state policy in the field of state financial control in agreement with the Authorised Body.

The Order of the Ministry of Finance of Ukraine of October 28, 2020, № 647 has approved 50 automated risk indicators, which are calculated to determine procurement procedures which contain signs of violations of the public procurement legislation and/or testify the possibility of such violations. In addition, the mentioned order has approved a methodology for determining automated risk indicators and the procedure for their application.

Recently, a new Joint Order of the Ministry of Finance and the Ministry of Economy of Ukraine of 12 February 2024 № №66/3757 ensures that the SAS will re-evaluate the risk indicators, and further improvements will be made by the SoE “Prozorro” and the SAS.

- ***Does the country make use of e-procurement as an important tool for improving competition, transparency and reducing costs in line with EU requirements? Where not yet (fully) used, has the country established a clear and realistic strategy/action plan for implementing e-procurement at the national level, including for e-auctions as appropriate.***

The main legislative act that regulates the functioning of the national electronic procurement system and contains the main provisions of the system is The Law of Ukraine “On Public Procurement”, due to which from April 1, 2016 the electronic procurement system (“Prozorro”) became mandatory for central authorities and monopolists (contracting authorities stipulated in point 4 of part 1 of article 2 of The Law). And from August 1, 2016 - for all other contracting authorities.

Contracting authorities publish tender announcements in the electronic

procurement system, and suppliers submit commercial offers. This is done through the e-auction module, which contracting authorities and suppliers can access through electronic platforms authorised by the electronic procurement system.

Information on tenders enters the central database of the electronic procurement system and is published simultaneously on the portal prozorro.gov.ua and on all authorised platforms.

The Decree of the Ministry of Development of Economy, Trade and Agriculture of Ukraine dated 07.04.2020 № 648 defines the information and telecommunication system “PROZORRO” as the web portal of the Authorised Body for Procurement.

Resolution of the Cabinet of Ministers of Ukraine of February 24, 2016, № 166 “On approval of the Procedure for the functioning of the electronic procurement system and authorisation of electronic platforms” defines the requirements for the functioning of the electronic procurement system, procedure for authorisation of electronic platforms, connection conditions and cases of disconnection of electronic platforms procurement, requirements for electronic platforms and the responsibility of operators of authorised electronic platforms.

● ***Are framework agreements effectively used, in accordance with EU requirements, and is there sufficient regulatory and advisory support by the central public procurement institutions? Is centralised purchasing effectively used for standard products and services of common interest?***

Centralised purchasing organisations (CPBs) are defined in The Law as legal entities owned by the State or local self-governing authorities and designated by the Cabinet of Ministers of Ukraine, the Council of Ministers of the Autonomous Republic of Crimea, or local self-governing authorities as contracting authorities responsible for organising and holding bidding and procurements under framework agreements on behalf of contracting authorities in accordance with this Law.

Peculiarities of the establishment and activity of the CPBs were approved by the Resolution of the Cabinet of Ministers of Ukraine of December 27, 2019 №1216 “On Peculiarities of the Establishment and Activity of Centralised Procurement Organizations” (hereinafter - the Resolution). The Resolution provides a specific mechanism for the creation and operation of the CPB and defines the conditions of their activities and interaction with other contracting authorities.

The procedure for procurement by contracting authorities through the CPB and the main functions of the CPB are defined in the Resolution.

Thus, the main functions of the CPB include:

- procurement in the interests of contracting authorities;
- development of methods of defining an expected value of the subject of procurement and methods of market analysis;

- creation of standard technical specifications and market analysis;
- Provide consulting, training, and information assistance.

CPBs in Ukraine are relatively new institutions conducting procurement procedures on behalf of contracting authorities in Ukraine. At the moment of writing, three CPBs are acting at the central level (“Professional Procurements”), municipal area (“UKRVODSERVICE”), specific CPBs respectively, in the healthcare sector (“Medical Procurements of Ukraine”) and IT-area (“Ukrainian Special Systems“) as well as a several new CPBs were established at the regional level.

The establishment of the CPBs improves the efficiency of contracting authorities due to the availability of professional staff with in-depth knowledge of legal and procedural aspects in the field of procurement, as it is designed to solve problems that ultimately affect not only the efficiency of procurement of a particular contracting authority but also the performance of such contracting authorities in meeting the needs of the state to provide timely and high-quality services to citizens.

● ***Is procurement carried out with due consideration of the state of the supply market and the need for sustainable development of its competitiveness and capacity? Are tender documents considered to be clear and unbiased, based on adequate technical specifications?***

The Law defines technical specifications (Article 1 (33)) as the set of technical conditions established by the procuring entity that define characteristics of the goods (goods), services (services), or necessary for the performance of works. Accordingly, they may include environmental and climate impact indicators, design features (including fitness for the disabled), conformity, productivity, resource efficiency, safety, quality assurance procedures, product name requirements, terminology, symbols, methods of testing and testing, requirements for packaging, marking and labelling, instructions for users, technological processes and production technologies at any stage of the life cycle of works, goods or services. According to the special dedicated Article 23, based on Directive 2014/24/EU provisions, technical specifications must include information about all the required characteristics of the works, services or goods being procured, including their technical, functional and qualitative characteristics. These characteristics may include the description of the specific technological process, manufacturing technology, goods supply sequence, performing of necessary works and providing a service/services. Technical specifications may include information on the transfer of intellectual property rights on the item.

Technical specifications may be a list of operational or functional requirements, including environmental characteristics, provided that such requirements are sufficiently precise so that the procurement item is clearly understood by the contracting authority and by tenderers.

In the event that it is not possible to complete the description of the characteristics, the technical specifications may contain references to the standard

characteristics, requirements, symbols and terminology associated with the goods, works or services that are procured, provided by existing international, European standards, other common technical European norms, other technical reference systems recognised by the European standardisation bodies or national standards, norms and rules. The phrase “or equivalent” must be added to each reference.

- ***Does each contracting authority or entity have a designated, specialised procurement function with the necessary capacity and capability to undertake its duties and responsibilities efficiently and effectively?***

The procuring entity must determine or appoint the authorised person responsible for organising and conducting the procurement/simplified procurement procedure. This is regulated by Article 11 of the PPL.

The authorised person plans procurement and forms an annual procurement plan in the electronic procurement system; selects the procurement procedure; conducts procurement procedures/simplified procurement; publishes in the electronic procurement system a report on the procurement contract concluded without the use of the electronic procurement system; ensure equal conditions for all tenderers, objective and fair selection of the winner of the procurement procedure/simplified procurement; ensures the preparation, approval and storage of relevant documents on public procurement issues defined by the Law; ensure publication in the electronic procurement system of information necessary to fulfil the requirements of the Law.

- ***Are procurement officials recognised as having specific skills, roles and responsibilities? Is there a training policy with concrete measures for staff development and adequate training?***

The development of the professional training system of public procurement specialists and professionalisation in public procurement is one of the main strategic goals of the public procurement sector. Professionalisation of the public procurement sector is a prerequisite for adapting international standards in Ukrainian procurement practice and for increasing procurement efficiency to meet the needs of the state and the community.

The Ministry has revised the professional standard for Public Procurement Specialist. The main objective of the revision was to ensure that the standard meets modern requirements and practices in the field of public procurement. In accordance with the established procedure and legal requirements, the professional standard “Public Procurement Specialist” was to make the necessary changes and update the standard to reflect new requirements and realities of the industry. This process included analysing the content of the standard, determining its relevance and appropriateness, and engaging experts and stakeholders to discuss and provide recommendations for changes. The Ministry of Economy established a working group of public procurement experts, contracting authorities, academia and the

public. The working group analysed the content of the professional standard. It determined the scope of necessary changes that consider modern requirements, skills, and practices in the field of public procurement, which are necessary for professionals to perform their duties effectively.

The revision of the professional standard took into account the requirements for the adaptation of Ukrainian legislation to European standards, which is a prerequisite for accession to the European Union. Implementing European experience and standards in the Ukrainian public procurement system has great potential to improve procurement efficiency and ensure transparency.

Currently, this professional standard has been developed for four levels of specialist qualification and approved by the Order of the Ministry of Economy № 13580 dated 14.09.2023, which came into force on 25.09.2023.

The developed professional standard in 4 levels makes it possible to determine the qualification levels of procurement specialists. It allows for career growth based on experience and competencies gained and contributes to the efficiency and professionalism of public procurement specialists.

At the same time, recognising the importance of procurement as the main tool for rebuilding our country and the need for procurement professionals responsible for the effective implementation of the procurement process and the successful development of the economy, the Ministry of Economy, together with the European Union Technical Assistance Project “Support to Public Procurement Reform in Ukraine” (hereinafter - the EU Project), has developed and posted free online courses on public procurement on the Prometheus educational platform:

- a course for the basic level “Public Procurement: from Theory to Practice” - designed for public procurement professionals, both beginners and those with experience, to obtain or systematise knowledge;

The advanced course “Public Procurement: Management and Performance Evaluation” is a continuation of the basic course and aims to improve the management skills of procurement planning, market analysis, and efficiency of public procurement specialists.

At the same time, to promote and disseminate information about online courses, as well as based on the results of feedback on the completion of online courses by public procurement entities, the Ministry of Economy, in cooperation with the EU Project, held a series of webinars aimed at improving the knowledge of procurement entities, in particular those responsible for the procurement process and the development of the procurement profession in Ukraine.

● ***Are there means of monitoring public procurement, particularly for collecting procurement data and making them available, with a view to measuring performance and outcomes, and identifying the potential for improving the public procurement system, as well as irregularities?***

Civil society organisations exercise an increasingly important role of oversight by monitoring public procurement and anti-corruption activities. In Ukraine, civil society organisations and their associations are entitled to free and full access to information about public procurement and can monitor these activities. A specific important role is played by NGO Transparency International Ukraine, which was the first formal owner of the PROZORRO IT system (further transferred to the Ministry of Economy on a free-of-charge basis) and now owns the analytical tool BI.PROZORRO (www.bi.prozorro.org) and NGOs monitoring online portal Dozorro (www.dozorro.org).

3. Efficient remedies system

● *Does the procurement legislation lay down the institutional set up and mechanism for handling complaints in compliance with the EU Directives (Directives 89/665/EEC and 92/13/EEC, amended by Directive 2007/66/EC), and covering all types of public procurement, including concessions?*

According to paragraph 17 of the first part of Article 1 of The Law, the body of appeal is the Antimonopoly Committee of Ukraine. The procedure for appealing procurement procedures is determined by Article 18 of The Law.

According to Article 18 of The Law, for the purposes of unbiased and efficient protection of rights and legitimate interests of persons related to participation in the procurement procedures, the Antimonopoly Committee of Ukraine, as the Complaint Review Authority, shall set up a Commission (Commissions) for Review of Complaints on Violations of the Public Procurement Legislation and exercise other powers set out in The Law, and the Law of Ukraine “On Protection of Economic Competition” and the Law of Ukraine “On the Antimonopoly Committee of Ukraine”. Decisions of the Commission for Review of Complaints on Violations of Public Procurement Legislation shall be adopted on behalf of the Antimonopoly Committee of Ukraine and are obligatory for compliance.

All types of public procurement contracts described by The Law of Ukraine “On Public Procurement” are covered by the public procurement review system. The only exception is the simplified procurement (that was mentioned in the answer to question 4). However, in this case, to protect its rights and interests (that are protected by law), a tenderer of the simplified procurement may apply to the contracting authority and/or to the authority exercising control over the contracting authority or to the court. Decisions and actions of contracting authority may be challenged by the tenderer of simplified procurement in courts.

According to Article 5 of the Law of Ukraine “On Public-Private Partnership,” a concession is one form of public-private partnership.

As the selection of advisers for the provision of PPP project preparation services is carried out using competitive procurement procedures through the use of an electronic procurement system or negotiated procedure in cases specified by the Law of Ukraine “On Public Procurement”, these contracts are subject to appeal in

the field of public procurement.

● ***Is the responsible review body independent, in line with acquis requirements? Have the acquis provisions and contract annulment (ineffectiveness) and other possible sanctions been transposed into national legislation?***

The AMCU is a state body with a special status and, has functions of appellate body in public procurement. AMCU is an independent authority controlled by the President of Ukraine and accountable to the Verkhovna Rada of Ukraine.

This independence is ensured at the legislative level by the relevant provisions of the Law of Ukraine “On Public Procurement”(PPL), the Law of Ukraine “On the Antimonopoly Committee of Ukraine”.

Article 43 of the PPL provides for provisions on the the procurement contract being void. In Ukraine according to the degree of invalidity, transactions are divided into void/null and contested. Article 43 of the PPL defines the cases when the procurement contract is considered null/void (not ineffective).

Such a norm is contained in the PPL, since the nullity of the transaction is established by law and recognition of such a transaction as null and void by the court is not required in accordance with Part 2 of Article 215 of the Civil Code of Ukraine (CCU).

However, a void transaction may be recognized by the court as valid in the cases provided for by the CCU.

In this way, the PPL norm does not contradict the provisions of the Directive 89/665/EEC, as different degrees of invalidity of the transaction are described.

In the event that the ineffectiveness of the transaction is not directly established by law, but one of the parties or another interested person denies its validity on the grounds established by law, such a transaction may be recognized by the court as invalid (contested transaction) (in accordance with part 3 of article 215 of the CCU). In this way, the provision of the CCU does not contradict the provisions of the Directive, as it describes different degrees of invalidity of the transaction and the national law provides for the determination of the contract as invalid in court.

As for the other provisions on the alternative penalties - Ukrainian PP legislation corresponds to the provisions of the Remedy Directive.

● ***Does the review and remedies system provide for speedy, effective and competent handling and resolution of complaints and sanctions? Is the remedy body adequately staffed for its tasks and responsibilities?***

At the beginning of 2023, the Committee held a competition to fill vacant positions of commissioners for reviewing complaints on violations of legislation in the field of public procurement in accordance with the Procedure for Competitive

Selection and Appointment of Commissioners for Reviewing Complaints on Violations of Legislation in the Field of Public Procurement, approved by the Committee's order as of 01.04.2021 No. 9, registered at the Ministry of Justice of Ukraine on 11.05.2021 under No. 618/36240.

Based on the results of the competition, the Committee's Chair appointed four Commissioners for Reviewing Complaints.

The Committee's Order as of 04.05.2023 No. 9 "On Establishment of Commissions of the Antimonopoly Committee of Ukraine for Review of Complaints on Violation of Legislation in the Field of Public Procurement" established the composition of the commissions of the Antimonopoly Committee of Ukraine for review of complaints on violation of legislation in the field of public procurement from among the Commissioners for review of complaints on violation of legislation in the field of public procurement. Starting from 5 May, 2023 the above Complaint Review Commissions shall review complaints on violations of legislation in the field of public procurement.

The Complaint Review Commission's work involves meetings held in accordance with the Rules of Procedure of the Commission of the Antimonopoly Committee of Ukraine for Review of Complaints on Violations of Legislation in the Field of Public Procurement, approved by the Committee's Order No. 8 as of 04.05.2023, which is available on its official website.

The Commission for Review of Complaints is supported by a separate structural unit of the Committee - the Department for Appeals against Decisions in the Field of Public Procurement, which consists of 35 staff members.

The main responsibilities of the Department include:

- registration and preliminary analysis of complaints and other incoming correspondence;
- preparation of materials on complaints for consideration by the Commission;
- maintaining and processing minutes of the Commission's meetings;
- publishing the Commission's decisions in the electronic procurement system;
- support in courts of cases on appealing against the Commission's decisions, including preparation of all necessary documents;
- preparation of analytical materials, generalised practice and reports of the Commission for approval at the Committee's meeting;
- participation in rulemaking activities within the scope of its statutory powers.

● ***Is the remedy system easily accessible to economic operators, without discrimination and excessive costs? Is it trusted by stakeholders? What are the track-records of the body?***

According to the Law of Ukraine "On the Antimonopoly Committee of

Ukraine", on March 7, 2024, the Committee approved a report on the activities of the Commissions for Review of Complaints in 2023, which reflects the main aspects of the performance of the functions of the appeal body by the Commissions for Review of Complaints, quantitative indicators of its activities, typical violations of procurement procedures identified by the Commissions for Review of Complaints, etc.

According to the information provided in the report, in 2023, the Commission received 7,757 complaints for its consideration.

In 2023, the Commission held 176 meetings and adopted 15,255 decisions, including:

- on acceptance of the complaint for consideration - 7,460
- on dismissal of the complaint - 1,815
- on satisfaction of the complaint in full - 5
- on partial satisfaction of the complaint - 5,365
- on leaving a complaint without consideration - 319
- on correction of typos - 9
- on termination of complaint consideration - 276
- on consideration of the application for consideration of the complaint through the use of telecommunication systems in an interactive real-time mode - 6.

Thus, out of 7,460 complaints accepted by the Commission for consideration, 5,370 complaints were fully or partially satisfied by the relevant decisions of the appeal body.

The expected value (total amount) of procurement procedures in which the Commission's decisions require the elimination of violations is UAH 49,077,521,103.62.

In 2023, the State Enterprise PROZORRO provided the Committee with monthly information on the amounts of money paid by the appellants for filing a complaint and the amount of money returned to the appellants due to the satisfaction of complaints.

According to the data of the state enterprise PROZORRO, the amount of the fee paid for filing complaints with the Complaints Commission in accordance with the Law in 2023 is UAH 129,540,190.00, and the amount of funds returned to the subjects of appeal as a result of the complaints' satisfaction is UAH 90,573,710.

According to this report, the number of complaints received by the appeal body increased by two and a half times (compared to 2022). At the same time, no decision of the appeal body made in 2023 was finally cancelled in court.

In addition, based on the results of performing the functions of the appeal body in 2023, the Committee summarised the Commission's practice on procurement procedures in the most problematic areas:

- office paper;
- services for the installation and/or maintenance of fire alarm systems;
- electricity.

These summaries reflect the list of major violations of the relevant procurement procedures and contain proposals of the appeal body. If taken into account by contracting authorities and procurement procedure participants, these proposals will help to improve their professional level and positively affect the efficiency of tender document preparation and the overall procurement procedures.

In accordance with the procedure established by law, the Commission's generalised practice is published on the official website of the Committee.

Taken together, these circumstances indicate a high level of trust of the appellants in the Committee as an appeal body, the existence of an independent, transparent, fast, efficient, and competent mechanism for reviewing complaints and making decisions, and the fact that the system of legal remedies is easily accessible to undertakings without discrimination and excessive costs.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

In the context of the implementation of measures to reform the defence procurement system in Ukraine, a representative of the Ministry for Strategic Industries of Ukraine took part in interagency meetings (19.01.2024, 16.02.2024) on the Strategic Review of the Ukrainian Defense Procurement System, and from 18.03.2024 to 19.03.2024 in the inaugural conference of the Strategic Review of the Defense Procurement System (NATO Support and Procurement Agency (NSPA) in Kapellen, Luxembourg).

In order to ensure compatibility of national legislation in the field of defence procurement with EU and NATO regulations, in particular, transparency, accountability, efficiency and competition without compromising the state's combat capability, the Ministry for Strategic Industries of Ukraine has developed a draft order of the Cabinet of Ministers of Ukraine «On Approval of the Strategy for Reforming Defense Procurement for the Period of Martial Law». The draft decree proposes to approve the Strategy for Reforming Defense Procurement for the period of martial law and to approve the Operational Plan for its implementation. The draft has been submitted to the Cabinet of Ministers of Ukraine for consideration.

The project envisages the implementation of strategic goals and objectives, the expected result of which is the improvement of the regulatory framework in the field of defence procurement through the harmonisation of national legislation with EU rules, adaptation of key concepts, notions and regulation of procurement procedures in accordance with international standards, and creation of the basis for ensuring the sustainable functioning of the defence procurement system.

To bring the public procurement system in line with the EU acquis to ensure transparent and competitive procurement, the Ministry of Economy of Ukraine developed the Draft Law of Ukraine “On Amendments to the Law of Ukraine “On Public Procurement” and Other Laws of Ukraine on Improving Public Procurement” (hereinafter - the Draft Law) which was revised with other governmental bodies and submitted to the Cabinet of Ministers of Ukraine for consideration per the established procedure by the letter of the Ministry of Economy dated 26.03.2024.

Overview of the Draft Law:

The draft law aims to expand procurement opportunities and introduce new tools while adjusting existing ones to enhance transparency and efficiency. This is critical for Ukraine's recovery from the full-scale war and in meeting international legal obligations in public procurement.

Key Provisions of the Draft Law:

New Procurement Instruments: The law introduces several innovative procurement provisions, including:

- Innovative partnership procedures;
- Reserved contracts;
- Dynamic purchasing systems;
- Design contests;
- Joint procurement;
- Aggregated procurement.

Revisions and Adjustments:

Value Thresholds and Procurement Methods: The methods and value thresholds used by contracting authorities are revised to adapt to current needs.

Adjustment of Current Rules: Existing rules are updated to remain effective and aligned with the legislative requirements.

Transfer of Mechanisms and Instruments:

Specific Instruments Under Martial Law: Following the termination or cancellation of the legal regime of martial law, as outlined in Resolution № 1178, several procurement mechanisms and instruments will be transferred. These changes include:

- Ensuring at least one bid per procurement procedure.
- Allowing optional use of electronic auctions.
- Permitting bids that exceed the expected value of the procurement item if specified in the tender documentation.
- Extending conditions to correct bidding errors.

Along with this, the Government approved the Resolution of the Cabinet of

Ministers of Ukraine № 76-r dated 02.02.2024, “On Approval of the Strategy for Reforming the Public Procurement System for 2024-2026 and Approval of the Operational Plan for its implementation in 2024-2025”, which has been described in detail in the guiding question “Has the country established comprehensive public procurement development strategy/action plan, which is responsive to existing challenges, and includes a clear harmonisation schedule? Is the strategy/action plan implemented in line with the foreseen timeframe and supported by required resources?”.

Information on anti-corruption mainstreaming

Chapter 5 - Public procurement and Public Administration Reform (part of the “fundamentals”): both include references to anti-corruption, transparency, integrity.

● *Introduction of sector-specific anti-corruption action plan and related strategy*

In Ukraine, the Anti-Corruption Strategy for 2021-2025 has been adopted and implemented through the State Anti-Corruption Programme for 2023-2025. Public procurements in the medical sector (Direction 2.7. Healthcare, Education, Science, and Social Security) and in the field of informatisation (Direction 2.2. State Regulation Of The Economy). The Strategy and the Programme identify such expected strategic results:

Expected strategic result 2.2.1.1. An official tool for preparing and conducting public procurement in the information technology development sector has been developed and put into commercial operation. This tool provides for visualisation of procurement, availability of electronic communication networks, and automation of anticipated cost calculations.

- Expected strategic result 2.7.1.1. Procurement of medications and medical devices at the expense of the state and local budgets is carried out on a professional basis by centralised procurement organisations under transparent and detailed procedures in accordance with objective needs based on the quality and evidence of effectiveness of such products and devices. If necessary, specialised international organisations are also involved in centralised procurement.

- Expected strategic result 2.7.1.2. All state and municipal healthcare institutions have implemented an electronic system for accounting medications and medical devices, based on which transparent and detailed methods and systems for calculating the needs in all areas of procurement have been developed; this accounting system has been integrated into the electronic healthcare system, which provides additional data verification tools; information

from this system is published in open data format.

- Expected strategic result 2.7.1.3. The specific considerations of procurement

of medications and medical devices necessitated by the pandemic or carried out during the pandemic are established in such a way as to prevent corruption risks.

- Expected strategic result 2.7.1.4. Ukrainian procurement organisations procuring medications and medical devices have independent supervisory boards.

- Expected strategic result 2.7.1.5. Standard catalogues and requirements for products procured in the healthcare sector are used in the procurement process.

- Expected strategic result 2.7.1.6. Clear rules and procedures have been established for identifying and resolving conflicts of interest of members of working and expert groups (primarily those that support the procurement of medical products at the expense of the state budget and determine the lists of products to be procured), and their strict observance in practice is ensured.

The State Anti-Corruption Programme for 2023-2025 includes specific measures to achieve the expected strategic results. The content of these measures and information on the progress of their implementation as of December 31, 2023, can be found at the following links:

- regarding procurements in the medical sector:
<https://dap.nazk.gov.ua/en/direction/13/>;

- Regarding procurements in the field of informationization, please find the following link: <https://dap.nazk.gov.ua/en/osr/126/>.

- ***Risk evaluation tools***

In June 2023, the National Agency on Corruption Prevention conducted a comprehensive analysis of the relevant legislation and public procurement procedures under martial law, identified the most common corruption risks (11), and developed recommendations for their elimination/minimisation. See the analysis - Corruption risks during public procurement under martial law (https://nazk.gov.ua/wp-content/uploads/2023/06/Korryzyky_zakupivli.pdf).

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ make progress in aligning the laws on public procurement with the EU acquis, including on concessions and PPPs.

To ensure maximum implementation of Draft Law № 7508 in accordance with EU legislation and best international practices, the Ministry of Economy, together with the Verkhovna Rada Committee on Economic Development, is actively involved in revising Draft Law № 7508 and preparing it for the second reading.

As of today, the Ministry of Economy, together with the Verkhovna Rada Committee on Economic Development, has finalised draft law № 7508. On 16 February 2024, a working meeting was held with experts from the European Commission, during which the revised draft law № 7508 was reviewed and recommendations for its improvement were provided.

Repeated work meetings will be held after processing the comments provided by the European Commission experts.

→ proceed with the appointment of public procurement commissioners in the Anti-Monopoly Committee of Ukraine.

The process of appointing Commissioners to review complaints in the field of public procurement is planned to be completed by June 2024.

→ ensure that exceptions to the laws on public procurement are kept to the minimum required under martial law.

The Government approved the Strategy for Reforming the Public Procurement System for 2024-2026 and approved the operational plan for implementing the Strategy for Reforming the Public Procurement System for 2024-2026 in 2024-2025 (Resolution of the Cabinet of Ministers of Ukraine № 76-r dated 02 February 2024). Harmonisation of Ukrainian legislation in the field of public procurement with relevant EU directives is set as one of the main strategic directions of the Strategy.

1. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

1.4. Public Procurement, Statistics, Financial Control

CHAPTER 18 – Statistics



1. STATISTICAL INFRASTRUCTURE

- *Is the law on statistics built according to the principles of the European Statistics Code of Practice and regulation EC 223/2009*

No relevant developments during the reporting period.

- *Is professional independence ensured in practice? Is the NSI impartial? Are statistics timely, relevant and reliable? Does the Director General of the NSI have a fixed mandate? Are clear procedures for the appointment and dismissal of the DG in place? Has the government signed a commitment on confidence in official statistics?*

The National Council on Statistics was established in accordance with Resolution of the Cabinet of Ministers of Ukraine No. 1039 of September 29, 2023, “On the Establishment of the National Council on Statistics”, according to Article 20 of the Law of Ukraine “On Official Statistics.” The Regulations of the National Council on Statistics were approved by the mentioned Resolution of the Cabinet of Ministers of Ukraine.

- *Are resources adequate to meet current statistical needs and for the implementation of the EU acquis in statistics and to meet other national needs for official statistics?*

As of January 1, 2024, the authorised staff of the State Statistics Service and its territorial bodies (excluding the Main Department of Statistics in the Autonomous Republic of Crimea and the Department of Statistics in the city of Sevastopol) is 4,793 positions, the actual number of employees is 4,081 persons. 3,036 people (74.4%) have the status of a civil servant.

Regarding the educational level of the staff, 3,429 people (84.0% of the total number of employees) have higher education and a master's degree (specialist). 437 persons (11.6%) have higher education, junior bachelor's and bachelor's degrees. The share of employees with a higher education who have a specialty with a diploma that meets the requirements specified in the job instructions is 88.8% (among civil servants – 93.1%).

The proportion of experts in the field of statistics compared to data as of January 1, 2023, has mostly stayed the same and is 13.5% of the total number of employees with higher education (among civil servants - 15.5%).

859 employees have two or more high educations; among them 819 are civil servants (respectively 21.0% and 27.0% out of the total number), and another 14 employees (including 7 civil servants) study in educational institutions. 18

employees (of whom 17 are civil servants) have the degree of Doctor of philosophy (candidate of sciences), one civil servant has the degree of doctor of sciences.

Regarding the distribution of employees by length of service in the system, 9.9% have worked in state statistics bodies for up to 5 years, 13.3% - 5 to 10 years, and 76.8% have been working for more than 10 years. In addition, 61.7% of managers and 37,8% of specialists have been working in state statistics bodies for more than 20 years.

In the context of the age composition of employees, it should be noted that the largest age group is employees aged 46 to 55 - 31.6%. 28.2% of employees are between 36 and 45 years old, and only 8.3% are under 35.

- ***Is data collected processed according to scientific principles and in a cost-effective manner?***

No relevant developments during the reporting period.

- ***Is access to statistical releases given at the same time to all users?***

Statistical information of the State Statistics Service is available using various dissemination tools (websites of the State Statistics Service and its territorial bodies, social networks, email newsletter, written and oral responses to requests, mobile application "Statistics in Smartphone"). On the initiative of the Ministry of Digital Transformation, the State Statistics Service is implementing digital transformation projects, in particular, regarding the development of a new official statistics portal that will provide access to the statistical database.

Statistical information in machine-readable formats is published in accordance with the Resolution No 835 of the Cabinet of Ministers of Ukraine of October 10, 2015 "On Approval of the Regulation on Data Sets subject to Publication in the Form of Open Data". The State Statistics Service publishes and updates data sets on the Unified State Web Portal of Open Data (<https://data.gov.ua>).

- ***Is the dissemination of statistical releases announced in advance through a public release calendar? Is this calendar respected in practice?***

In accordance with Article 18 of the Law of Ukraine "On Information", the legal regime of state statistical information is determined by the Law of Ukraine "On Official Statistics", other laws and international treaties of Ukraine, the binding consent of which was given by the Parliament of Ukraine (the Verkhovna Rada of Ukraine). The state guarantees that the subjects of information relations have open access to the official state statistical information, with the exception of information protected by a law.

Articles 37-38 of the Law of Ukraine "On Official Statistics" determine the

principles and policy of disseminating official state statistical information. Article 39 regulates the dissemination of statistical information not provided for by the Plan of State Statistical Observations.

Pursuant to the Law of Ukraine "On Official Statistics", the Policy on the Dissemination of Official State Statistical Information was developed and approved (Order No 335 of the State Statistics Service of December 21, 2022, registered in the Ministry of Justice of Ukraine on January 24, 2023, under No 155/39211).

Also, the Communication Strategy of the State Statistics Service of Ukraine until 2028 was adopted (Order No. 1 of the State Statistics Service of January 1, 2024).

● ***Are annual and multi-annual work programmes for the statistical production in the country consulted with users and published?***

No relevant developments during the reporting period.

● ***Are the roles of stakeholders in the statistical system defined by Memoranda of Understanding (between NSI, National Bank and Ministry of Finance and other government agencies that produce statistics or provide input to producing official statistics)? Is the statistical authority allowed to use administrative data for statistical purposes? Does the statistical authority have the right to access privately held data?***

No relevant developments during the reporting period.

● ***Are Classifications in place: NACE Rev. 2.1, Statistical regions (equivalent to NUTS), CPA, GEONOM, ISCO-08, ISCED 2011 and others? Is the latest version of each classification implemented in the country?***

European and international classifications have been introduced in Ukraine - they are listed below:

The Classification of Types of Economic Activity, which is similar to NACE Rev. 2 has been introduced since 2010.

The Basic Product Nomenclature (BPN), which is similar to CPA 2.1 has been in effect since 2020.

PRODCOM 2002 - since 2002.

The Nomenclature of Industrial Products (NIP) has been used based on PRODCOM and considers energy types of products. NIP is identical to CPA 2.1 at the level of subcategories when PRODCOM is at the level of types. With some exceptions, NIP is harmonised with the HS/CN. In 2023, an updated version of NIP based on PRODCOM 2023 was approved.

CC 1998 - since 2002.

The Construction Product Nomenclature (CPN) harmonised with CC was used.

At present, CPN has been canceled due to the introduction of the updated version of the National Classifier NC 018:2023, "Classifier of buildings and structures" (NC BS), which is similar to CC 1998 in the statistical activity. Another institution (the Ministry of Infrastructure) maintains the NC BS.

NST 2007 – since 2014, the Classification of Cargo Types (CCT) has entered into force. CCT is similar to NST 2007.

NUTS – in 2022, the Statistical Classifier of Territorial Units of Ukraine was approved. It was developed in accordance with Regulation (EC) No 1059/2003 of the European Parliament and of the Council (EC) of May 26, 2003 on the establishment of a common classification of territorial units for statistics (NUTS) (as amended).

COICOP-HBS 2003 - since 2008, the Classification of Individual Consumption by Objective (CICO) has been used. COICOP-HBS 2003 was used in its unchanged form during the development of CICO. Currently, to improve the classifications of statistics of national accounts, consumer prices, and the survey of household conditions, the CICO is being revised to bring it into compliance with COICOP 2018.

HS 2017 - since 1987, the Ukrainian Classification of Goods of Foreign Economic Activity (UCG FEA) has been introduced in Ukraine as a commodity nomenclature of the Customs Tariff adopted by the Law of Ukraine "On the Customs Tariff of Ukraine". UCG FEA is composed based on HC and CN. The State Customs Service updates the Classification. The last update of UCG FEA was carried out in 2022.

EBOPS-2010 - since 2013, the Classification of Foreign Economic Services (CFES) developed based on EBOPS has been applied. CFES was updated in 2022. At the level of section (XX), it corresponds to EBOPS-2010. At the level of subdivision (XX.XX) and class (XX.XX.XX), CFES has partial correspondence with similar levels of EBOPS-2010. Additional subdivisions in the Classification were created due to the methodological needs of creating the balance of payments, and detailing at the level of classes was carried out to produce statistics on foreign trade in services.

ISCED 2013 is used by the State Statistics Service when preparing the annual questionnaires of the UNESCO Institute regarding the statistics on formal education.

CSA REV.1 – since 2014, the Directory of Statistics Sections has been used to plan statistical work, present the results of statistical activities, in particular disseminate statistical information on the official web portal of the State Statistics Service. The handbook has been developed on the basis of the first three domains of CSA REV.1 with partial ungrouping and regrouping of its positions. Domains 4 and

5 are not included.

In addition, the state statistics bodies apply a number of industrial classifications harmonised with CPA 2.1:

Nomenclature of agricultural products (NAP);

Nomenclature of fishery and aquaculture products (NFAP);

Nomenclature of domestic trade goods (NDTG).

Not directly implemented in Ukraine:

GEONOM – for the classification and coding of partner countries, the List of World Country Codes (WCC) is used, which has both three-digit numerical and alphanumeric Alpha-2 and Alpha-3 coding systems. WCC complies with the international standard ISO 3166-1 "Codes for presenting the names of countries and their administrative and territorial units", part 1 "Country codes", and is consistent with the list of "Standard Country or Area Codes for Statistical Use" of the United Nations Statistics Division.

ISCO-08 – at present, the National Classifier of Occupations (CO) is in force. It was developed based on ISCO-88. The Ministry of Economy manages the CO in Ukraine. According to the Program for the Development of Official Statistics until 2028, the Ministry of Economy has planned to develop the national Classifier of Occupations harmonised with ISCO-08 in 2026.

● ***Are there Registers in the statistical office? Are the registers updated regularly?***

The State Statistics Service maintains the Register of Statistical Units (RSU), and its methodology takes into account the provisions of Council Regulation (EEC) № 696/93 of March 15, 1993 on the statistical units for the observation and analysis of the production system in the Community, Regulation (EU) 2019/2152 of the European Parliament and of the Council of November 27, 2019 on European business statistics, repealing 10 legal acts in the field of business statistics, Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics, UN Guidelines on the statistical register of enterprises (2015), Methodological guidelines on European statistics of enterprises for of statistical registers of enterprises (2021).

RSU is updated daily based on administrative data and annually based on information derived from state statistical observations.

To ensure compliance of RSU with the requirements of the Regulations (EU) and methodological approaches taken into account in the guidelines on statistical registers, an annual survey of RSU was conducted in 2023 to improve the quality of information in the Register and fill it with the characteristics of units that are not obtained from administrative and statistical sources; the identification of groups of enterprises was carried out, as well as the methodology of conducting RSU was

improved in terms of filling it with individual characteristics of units determined based on administrative data sources.

- ***Are other administrative data sources needed to efficiently produce official statistics accessible to the NSI? Does the cooperation with the owners for the administrative data sources guarantee access to the data in the required form, content, and frequency?***

No relevant developments during the reporting period.

- ***How is the national statistical system coordinated, what mechanisms are in place to coordinate other producers of official statistics?***

No relevant developments during the reporting period.

2. MACRO-ECONOMIC STATISTICS

- ***Are quarterly national accounts (QNA) compiled? Are QNA compiled at current and in constant prices? Are seasonal adjustment and calendar adjustment implemented?***

According to Section 2.1.6, Quarterly and Annual National accounts: main aggregates of the EU Statistical Requirements Compendium 2022 (SRC), the main aggregates of quarterly national accounts have, in particular, been produced since 1994. GDP and its components have been calculated at current and constant prices with the use of seasonal and calendar adjustments.

- ***Are annual national accounts produced? How many years of data do the time series consist of?***

Annual national accounts are being developed. Annual national account information in the form of a continuous time series is available for the following periods:

consolidated aggregates of annual national accounts at current prices according to the SNA 1993 methodology - 1990 to 2011, according to the SNA 2008/ESA 2010 methodology - since 2000, excluding the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and part of the temporarily occupied territories in the Donetsk and Luhansk regions since 2010;

components of GDP by categories of final use at current prices, constant prices of the previous year according to the SNA 1993 methodology - from 1990 to 2011, according to the SNA 2008/ESA 2010 methodology - from 2000, without taking into account the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and part of the temporarily occupied territories in the Donetsk and Luhansk regions - from 2010; components of GDP by categories of end use at the prices of the reference/base year 2021 - from 2000;

components of GDP according to the production method at actual prices, constant prices of the previous year according to the SNA 1993 methodology and according to the general classifier of branches of the national economy - from 1990 to 2000, according to the national classifier *Classification of types of economic activity 2005* - from 2000 to 2011, according to the SNA 2008 methodology/ESA 2010 and according to the national classifier *Classification of types of economic activity 2010* - from 2000, excluding the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and part of the temporarily occupied territories in the Donetsk and Luhansk regions - from 2010;

components of GDP according to the production method at the prices of the reference/base year 2021 – since 2000; components of GDP by income categories at current prices according to the SNA 1993 methodology - 1990 to 2011, according to the SNA 2008/ESA 2010 methodology - from 2000, excluding the temporarily

occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and part of the temporarily occupied territories in the Donetsk and Luhansk regions - since 2010.

● *Are the following statistics compiled / produced and transmitted to Eurostat?*

The status of the following statistics compilation/production and transmission to Eurostat is:

- Population and employment data according to ESA 2010 annual and quarterly sector accounts;

Within the framework of annual, quarterly and regional national accounts, indicators are calculated per employed person and per person of the population. However, since 2022, labor force and population surveys have been suspended due to the effect of the Law of Ukraine "On the Protection of the Interests of Entities Submitting Reports and Other Documents During the Period of Martial Law or a State of War".

- Supply / use tables and input-output tables;

The State Statistics Service of Ukraine annually calculates "input-output" tables at consumer prices and basic prices, highlighting tax matrices, trade and transport margins, use of imported and domestic products, and coefficients of total costs. Along with this, the "input-output" table for 2021 is also being developed based on an expanded list in the format of 75*75 products.

- Regional accounts with cross-tabulation of Gross Value Added by statistical region level 3 and by industry;

At present, gross value added at the NUTS 2 regional level is calculated annually for 19 types of economic activity. In the future, it is planned to move to the NUTS 3 level.

- Fiscal notifications for the excessive deficit procedure (EDP) – if so, are the EDP tables complete?

According to Section 2.2 Excessive Deficit Procedure and Government Finance Statistics; financial accounts by institutional sectors of the economy; account of other changes in the volume of assets; financial instruments reassessment account; balance of financial assets and liabilities at the beginning and end of the year are annually compiled. Since 2023, the financial account has been compiled on a quarterly basis. (SRC 2.2.2) Annual and quarterly accounts are compiled for the general public administration sector. (SRC 2.2.6).

Classification of entities that belong to the general government in the sense of ESA 2010. Is the ESA 2010 transmission table followed? If not, what is already sent and what is missing?

In accordance with the Classification of institutional sectors ESA 2010, the

Classification of Institutional Sectors of the Economy has been developed (Order No 378 of the State Statistics Service of December 3, 2014 with amendments approved by Order No 85 of the State Statistics Service of February 25, 2020 and Order No 356 of December 23, 2022). The institutional sector sign is assigned to all enterprises and institutions in the Statistical Register of Enterprises.

Are tables 1 and 2 transmitted regularly with quarterly data, within the deadlines prescribed in ESA 2010?

National accounts data are transmitted to Eurostat by the State Statistics Service upon individual requests of Eurostat's Unit B.3 *Enlargement, neighborhood and development cooperation* according to Plans for the data collection exercise.

Work is underway to adapt the data of the national accounts of Ukraine to the ESA 2010 data transmission formats defined by Regulation (EU) 2023/734, and to study data transmission methods using SDMX and EDAMIS.

- Financial accounts;

Annual financial accounts by institutional sectors of the economy have been compiled since 2005. Quarterly financial accounts have been introduced since 2023.

- Government Finance Statistics (GFS), produced according to ESA 2010. Is accrual accounting applied in GFS? Are GFS data transmitted to and accepted by Eurostat?

SSSU compiles annual and quarterly accounts for the general public administration sector in accordance with ESA 2010.

The Ministry of Finance develops indicators of public finance statistics in accordance with the International Monetary Fund's GFS Manual. They are not harmonized with ESA 2010. The Ministry of Finance does not apply the Accruals Principle in GFS and does not transmit GFS data to Eurostat.

● ***Is the Harmonised Index of Consumer Prices (HICP) implemented according to EU standards?***

No relevant developments during the reporting period.

● ***Is the House Price Index produced according to EU standards?***

No relevant developments during the reporting period.

3. BUSINESS AND TRADE STATISTICS

- *What is the implementation status of statistical areas in the scope of the European Business Statistics (EBS) Regulation (2019/2152 and its implementing and delegated acts)?*

During 2023, the methodology for calculating indicators of demographic statistics of enterprises was improved, taking into account the requirements of Regulation (EU) 2019/2152.

- *Are the below statistics produced, in line with the EBS Regulation requirements?*

Short-Term Statistics (STS) for industry, construction, trade and services, in line with the new EBS Regulation requirements for the STS domain (e.g.: monthly index of services production)

The calculation of indicators regarding the number of created legal entities and the number of legal entities against which a court decision to initiate bankruptcy proceedings has been made in accordance with the requirements of the EBS regulation for the STS domain. The first publication of the mentioned indicators for the 1st quarter of 2024 is envisaged to be published on the SSSU official website on April 12, 2024.

The level of compliance with the EBS Regulation for the STS domain is the highest in industry (ensured by production and turnover indicators) and higher in construction (the construction products index is calculated by types of products (according to CC), there are no seasonal adjustments in the statistics of construction permits); lower - in trade and services (there is an index of deflated turnover as a whole in the service sector (the list of activities in the service sector is wider than in the regulation)).

Preparatory work on the seasonal adjustment of the indices of external and internal turnover in industry (at the level of section under Classification of Types Economic Activities (CTEA) has been completed. At the same time, work continues on the design of State Statistical Observations (SSO) regarding integrated short-term business statistics (indicators regarding construction permits, prices and demographic events are beyond this SSO), whose methodology and list of indicators will meet the requirements of the EBS Regulation for the STS domain.

In accordance with EU Statistical Requirements Compendium, data of foreign trade in goods statistics are submitted to the Eurostat Comext database on a monthly basis at the level of 8 characters of the Ukrainian Classification of Goods of Foreign Economic Activity (UCG FEA), which is built based on the six-digit Harmonized System of description and coding of goods (HS) and the eight-digit Combined Nomenclature of the European Economic Community (CN).

- Structural Business statistics (SBS);

In 2024, a new methodology for calculating indicators of enterprise demography statistics in accordance with the requirements of Regulation (EU) 2019/2152 as well as the conduct experimental calculations of indicators have been envisaged to be approved. In addition, in 2025 the development and dissemination of indicators of enterprise demography statistics are provided for in accordance with the requirements of this Regulation.

- PRODCOM statistics (sub-contracting);

Observation indicators meet the requirements of the EBS Regulation in terms of PRODCOM statistics, including subcontracting.

The Nomenclature of Industrial Products (NIP 2023) has been updated based on the PRODCOM 2023 list. Observation over production and sale of industrial products by type is carried out in accordance with NIP 2023, e.g. taking into account PRODCOM 2023.

- FATS data

Work related to implementing the provisions of Regulation (EU) 2019/2152 in the part of statistics of foreign branches has begun (due date by the end of 2024) regarding:

- making changes to the methodology of state statistical observation (SSO) "Structural changes in the economy of Ukraine and its regions" and "The conduct of scientific research and development";

- conducting experimental calculations of selected indicators of the above-mentioned SSOs regarding enterprises under foreign control

- R&D and GBARD statistics, for all required sectors and breakdowns;

At the end of 2023, experimental calculations of indicators for government budget allocations for scientific research and development (GBARD) for 2021 were carried out with distribution by socio-economic goals. Calculations were made using the analysis of the text of the State Budget for 2021 and the passports of the implementation of budget programs by the main holders of budget funds; the methodology and methods of calculating statistical indicators regarding GBARD require an expert assessment by experts of the Ministry of Education and Science of Ukraine and EU experts;

Research and development expenditure relative to GDP (*calculated using State Statistic Service of Ukraine data*) - 0,29% (2021), 0,33 % (2022). Estimated GDP share is calculated using the Procedure for the formation of topics of scientific research and scientific-technical (experimental) developments financed from the state budget (approved by the Cabinet of Ministers of Ukraine from 11.01.2018 No.13) are used and these data are not complete, and include only state budget programs, which is about 40%.

Data on R&D expenditure by source of funds (*calculated using State Statistic Service of Ukraine data*) for 2021 and 2022 is laid in the table below:

Source of funds	2021	2021
the contribution from the HEI sector to R&D	1 291,77 mln UAH (8 %)	1 398,19 mln UAH (8.2 %)
the contribution from the public sector to R&D	6 025,57 mln UAH (37,5 %)	11 355,84 mln UAH (69,9 %)
the contribution from the private sector to R&D	8 749,21 mln UAH (54.5%)	1 957,98 mln UAH (11,5 %)

R&D expenditure by sector of performance. State statistical observations "Implementation of research and development is organized by the State Statistical Service of Ukraine. Its methodology takes into the provisions of the EU Regulations, as well as the recommendations set out in the Frascati Manual on the collection and reporting of data on scientific research and experimental development (R&D). As for Form No. 3-science: to date, it includes only such important indicators for assessing the state of domestic R&D as expenditures on the implementation of R&D and the number of personnel involved in the implementation of R&D. These characteristics are presented extensively, by many sections: branches of science, sectors of activity, etc.

R&D personnel. The number of researchers in Ukraine in 2021 was 34 231 persons, in 2022 - 35 702 persons. While the system of state statistical observations in Ukraine collects data on employees engaged in scientific research and development, divided by personnel categories (researchers, technicians, support personnel), the composition of the scientific personnel potential of Ukraine, by the legislation, are divided into scientific and scientific-pedagogical workers, which leads to the exposure of the real state of the number of scientific personnel.

- Innovation statistics (Community Innovation Survey – CIS) (see the CIS Implementing Act, currently Commission Implementing Regulation 2022/1092)

In order to carry out national statistical observation of the innovative activities of enterprises in 2025, an updated statistical toolkit that takes into account the requirements of Commission Implementing Regulation (EU) 2022/1092 of June 30, 2022 laying down technical specifications of data requirements for the topic 'Innovation' pursuant to Regulation (EU) 2019/2152 and the questionnaire "Community Innovation Survey (CIS) 2024" has been developed;

In general, the methodology of science and innovation statistics in Ukraine is close to international standards, and changes in international recommendations are introduced into statistical observation forms with a certain time lag. However, there are gaps with data processing and formats of their disclosure, which makes it impossible to calculate indicators necessary for international comparisons in the context of Ukraine's integration into the EU and the development of state S&T and

innovation policy on the basis of these indicators.

There are anomalous and illogical results of statistical observations of innovation activity in some periods without any methodological explanations from the State Statistic Service. The problem is also the impossibility of constructing long time series due to changes in methodology that make it impossible to recalculate the data, and complicated access to microdata for scientific research. Consequently, in terms of innovation statistics, the problem is the reliability of data - the results of some statistical surveys raise doubts, in particular among users of these data, researchers.

The problem of making data publicly available for international comparisons also remains unresolved. For example, the level of data available for Ukraine for the European Innovation Scoreboard (EIS) 2023 was the lowest among European countries. Even after data imputation, it was 66%, while in most countries it was 100%. Ukraine's inclusion in the EIS 2023 was due to its inclusion in previous years, with Eurostat noting that it will be excluded from the EIS in the future if there is no progress in obtaining data from Ukraine.

There is no information regarding Ukraine in the EIS 2023 in the field of science and innovation for such indicators: SMEs that have implemented business process innovations, Innovation spending per employee, Mobility in science and technology (+).

The existence of methodological and organisational problems is also confirmed by the survey of users of statistical information regarding the indicators of scientific and innovation activities carried out by the State Statistics Service in 2022. Thus, 31% of users reported that the reason for attracting additional sources of information is the insufficient level of detail of official statistical data; 19% mentioned that the information is unavailable or missing; the timing and periodicity do not meet the needs of users; 13% indicated the existence of problems with analytical materials, methodological explanations with interpretation of indicators, etc.

- ICT statistics for enterprises;

Taking into account the recommendation of EU Experts, within the framework of the EU4Digital DESI Accelerator event on the analysis of the implementation of DESI in the Eastern Partnership countries (November 24, 2023), to synchronise the national statistical observation of the use of ICT at enterprises with similar observations in the EU member states - a toolkit was developed in accordance with the requirements of the questionnaire "Survey of the use of information and communication technologies and electronic commerce of the European Community" for 2025, which will be used to conduct a national statistical observation of the use of ICT at enterprises in 2025;

- International Trade in Services statistics – trade in services by enterprise characteristics (STEC) and International Supply of Services by Mode of Supply being implemented,

- Global Value Chains (GVC) (see the GVC implementing act, currently Commission Implementing Regulation 2022/918)

No relevant developments during the reporting period.

● ***Are International Trade in Goods Statistics produced in the necessary frequency and breakdown? Are Trade in goods by Invoicing Currency (TIC) and trade in goods by Enterprise Characteristics (TEC) in place? Is there a memorandum of understanding with Customs?***

No relevant developments during the reporting period.

● ***What is the implementation status for the other business statistics? Are the below statistics collected according to the EU acquis?***

- Are Tourism statistics collected according to the EU acquis? Are both supply and demand data on Tourism available?

According to EU acquis Member States should collect, compile, process and transmit harmonized statistics on tourism supply and demand (Regulation (EU) No 692/2011 of the European Parliament and of the Council of 6 July 2011 concerning European statistics on tourism and repealing Council Directive 95/57/EC).

This requirement will be implemented in Ukrainian legislation after adoption of the draft law No 4162 dated 09/29/2020 as the first step in approaching the EU acquis.

Thus, the State Agency for Tourism Development of Ukraine cannot collect full supply and demand data on Tourism in Ukraine.

During the reporting period, the State Agency for Tourism Development of Ukraine has been working on the creation of other legislation to efficiently implement the EU acquis:

- ICT statistics for households and individuals;
- international trade in services statistics - Does it have a breakdown by partner country?
- statistics on foreign direct investments;
- Transport statistics - is the Road Freight Survey implemented?

Information on transport statistics indicators is generated based on state statistical observations and partially administrative data. The State Statistics Service takes measures to improve SSOs, particularly by expanding the use of administrative data and reducing the reporting burden.

In 2023, the process of identifying administrative data sources, necessary for SSSU to implement European legislation in transport statistics, continued. The results of the work done in the areas of transport statistics regarding the list of

indicators, their breakdowns, frequency of dissemination, sources, administrative data and methodological requirements contained in EU legislation are discussed with data suppliers (Ministry of Infrastructure, Ministry of Internal Affairs, State Aviation Service, Maritime Administration, JSC "Ukrainian Railways" ("Ukrzaliznytsia").

In maritime transport statistics, activities are being carried out to study the possibility of using information from the State Enterprise "Seaports Administration of Ukraine" or introducing data collection following the example of the TransMor System of Statistics Poland in order to generate data sets defined in Directive 2009/42/EC of the European Parliament and of the Council of May 6, 2009 (information about vessels (flag, type of vessel, gross tonnage), voyages being performed (ports of loading/unloading), cargo (type of cargo, weight, number of containers and Ro-Ro units) and passengers).

Inland water transport statistics provide for the use of administrative data of the River Information Service and the System of Automated Recording of Inland Waterway Transportation operating as part of the River Information Service (establishment is ongoing in accordance with the Law of Ukraine "On Inland Water Transport"). The implementation of these measures will allow the production of data sets on cargo transportation provided for by Regulation (EU) 2018/974 of the European Parliament and of the Council of July 4, 2018, as well as indicators on passenger transportation.

In air transport statistics, the issue of automated exchange of data sets provided for by Regulation (EC) No 437/2003 of the European Parliament and of the Council of February 27, 2003 is being studied according to the "Airport-State Aviation Service-SSSU" scheme.

In 2023, in order to study the issue of using alternative data sources in the field of air transport, the experience of Statistics Netherlands was studied. Additionally, in order to address the issue of harmonisation of statistics of inland water transport and maritime transport statistics in accordance with EU legislation, a study visit was made to Statistics Poland within the framework of the TAIEX tool.

A corresponding application within the framework of TAIEX is planned to be prepared for the detailed study of the TransMor Data Collection System of Statistics Poland.

In railway transport statistics, a draft Agreement on the Mutual Exchange of Information Resources has been agreed upon between the State Statistics Service of Ukraine and JSC "Ukrzaliznytsia" regarding the list of indicators and their breakdowns that are provided for by Regulation (EU) 2018/643 of the European Parliament and of the Council of April 18, 2018 (starting from 2025, all indicators of intra-annual statistics and annual will be as follows, except for: cargo distribution by regions and network segments). In order to harmonise railway transport statistics, an application was submitted for a study visit and an expert mission within the framework of TAIEX.

Work on the implementation of Regulation (EU) No 70/2012 of January 18, 2012, continues in road freight transport statistics using alternative data sources, namely by combining data from the Unified State Register of Vehicles (MIA) (vehicle information), automatic Weigh-in-Motion Systems (Recovery Agency) (data for calculating the route and mileage, number of vehicle axles, weight) and the database of Consignment notes in electronic form e-CN (Ministry of Infrastructure) (information about loading/unloading points, types of cargo, classes of dangerous goods, weight of cargo, etc.) The e-CN database is being implemented, and the State Statistics Service is taking measures to gain access.

The Technique for Calculating Indicators of the Transportation of Goods by Freight Road Transport using Administrative Data was approved in 2023 .

In addition, SSSU constantly provides and takes measures to expand the list of indicators submitted to Eurostat/ITF/UNECE Common Questionnaire on Inland Transport statistics and generates indicators on passenger transportation by coaches and urban electric transport (trolleybuses, trams, and subway).

● ***Does the country produce the Balance of Payments according to the latest (6th) manual (BPM6)?***

In March 2024, the National Bank of Ukraine took the following measures:

1) the official publication of the main reports on external sector statistics (balance of payments, international investment position, external debt) on the website of the National Bank of Ukraine was expanded to include data in euros and hryvnias;

2) the deadline for the official publication of the statistical report on the international investment position in accordance with the requirements of the European Commission (Eurostat) has been moved to the 82nd-85th day (previously 85th-90th day).

4. SOCIAL STATISTICS

- ***Has the population and housing census been conducted and all data subsequently published? (to be checked only for the year following the census)***

The last census in Ukraine took place in 2001. Information on its results is posted on the official website of the State Statistics Service (www.ukrstat.gov.ua) in the sections "Population of Ukraine"/"All-Ukrainian Population Census"/"Data Bank" and "Population of Ukraine"/"All-Ukrainian Population Census"/"Census 2001".

According to Article 3 of the Law of Ukraine “On the All-Ukrainian Population Census”, the All-Ukrainian Population Census should be initiated by a decision of the Cabinet of Ministers of Ukraine. According to Order No 1542-p of the Cabinet of Ministers of Ukraine of December 9, 2020 “On conducting the All-Ukrainian Population Census in 2023,” the year 2023 was determined as the year of the Population Census. However, given the situation that has arisen due to the military aggression of the Russian Federation against Ukraine in 2022, the conduct of the All-Ukrainian Population Census has become impossible.

According to paragraph 1¹ of Chapter VI of the Law, during the period of martial law in Ukraine and within six months after its termination or cancellation, the population census shall not be conducted. All deadlines provided for by the Calendar Plan for Preparing and Conducting the Population Census are extended for the duration of martial law in Ukraine and for six months after its termination or cancellation.

Based on the above, on October 20, 2023, the Cabinet of Ministers of Ukraine issued Order No 962-p “On recognition of invalidity of Order No 1542 of the Cabinet of Ministers of Ukraine of December 9, 2020” which cancelled the 2023 census and instructed the State Statistics Service to prepare a proposal on conducting the All-Ukrainian Population Census after the termination or cancellation of martial law in Ukraine, guided by the norms of national legislation and basic EU regulations.

- ***Is the survey on Income and Living Conditions fully implemented (regular EU-SILC Survey)?***

In order to prepare for the introduction of the sample survey "Statistics of Income and Living Conditions (EU-SILC)", a corresponding pilot survey was conducted in 9 regions in December 2023. In 2024, experimental calculations of poverty and social exclusion indicators are being made, as well as the methodology and list of indicators are being improved based on the results of the pilot survey. The full-scale EU-SILC survey is expected to be implemented since 2025.

- ***Are social protection statistics (ESSPROS) in place?***

No relevant developments during the reporting period.

- ***Are Labour Market statistics fully implemented (Labour Force Survey, Structure of Earnings, Labour Cost Index, Labour Cost Survey, Job Vacancy Statistics)?***

In terms of the labour force survey, the given information remains relevant.

Namely, LFS has been introduced in Ukraine since 1995. The latest data from the above-mentioned survey was obtained for 2021. According to the Law of Ukraine "On the Protection of the Interests of Entities that Submit Reporting and Other Documents in the Period of Martial Law or State of War" due to the armed aggression of the Russian Federation against Ukraine, since 2022, state statistics bodies have not conducted sample surveys of the population (households), including LFS which led to an inability to obtain information on the results by them. The survey will be possible after the end of martial law.

- ***Are Public Health statistics available according to the EU acquis? Are data on health care expenditure produced? Are health accounts compiled?***

No relevant developments during the reporting period.

- ***Is the European Health Interview Survey (EHIS) carried out?***

According to the Program for the Development of Official Statistics until 2028, the collection and processing of information according to the list of indicators of the European Health Interview Survey (EHIS) will be introduced in 2025 as part of the module survey "Self-Assessment of Health by the Population".

- ***Are statistics on external migration and asylum already collected according to the requirements of the EU acquis? How is the cooperation between the statistical office and the primary data providers of migration data, residence permits, asylum, citizenship (for instance with and between the relevant departments at the Ministry of Interior or the border management administration)?***

In order to generate statistical information related to asylum and managed migration, a measure on implementation of Regulation (EC) No 862 /2007 of the European Parliament and of the Council of July 11, 2007 in the part of statistics on asylum and managed migration within the task of implementing international and European norms and standards in the field of demographic and social statistics was included in the Action Plan for the implementation of the Program for the Development of Official Statistics until 2028 approved by Resolution No 989 of the Cabinet of Ministers of Ukraine of September 15, 2023.

The introducing state statistical observation to collect data in the field of international protection, asylum and managed migration has begun.

In particular, the State Statistics Service requested Eurostat to provide appropriate advice to determine the procedure for collecting and processing information.

Additionally, the State Statistics Service sent a request to the State Migration Service of Ukraine regarding the availability of indicators and their breakdowns by Regulation (EC) No 862/2007 for the preparation of a draft agreement on the mutual exchange of information resources in order to obtain the necessary administrative data.

Ukraine needs to develop statistics in the field of asylum and managed migration.

In order to generate statistical information related to asylum and managed migration, a measure on implementation of Regulation (EC) No 862 /2007 of the European Parliament and of the Council of July 11, 2007 in the part of statistics on asylum and managed migration within the task of implementing international and European norms and standards in the field of demographic and social statistics was included in the Action Plan for the implementation of the Program for the Development of Official Statistics until 2028 approved by Resolution No 989 of the Cabinet of Ministers of Ukraine of September 15, 2023.

Work has begun on introducing state statistical observation to collect data on international protection, asylum, and managed migration .

In particular, the State Statistics Service requested Eurostat to provide appropriate advice to determine the procedure for collecting and processing information.

Additionally, the State Statistics Service sent a request to the State Migration Service of Ukraine regarding the availability of indicators and their breakdowns in accordance with Regulation (EC) No 862/2007 for the preparation of a draft agreement on the mutual exchange of information resources in order to obtain the necessary administrative data.

● ***Are statistics on education and vocational training implemented according to EU standards?***

The Ukrainian education statistics is being harmonized with European standards concurrently with legislative changes in the sphere of education. The Ministry of Education and Science (hereinafter - MoES) takes measures to harmonize the structure of educational administrative data with the EU norms and standards.

Basic principles of official statistics in accordance with the Code of Practice for European Statistics are in place, including professional independence, statistical confidentiality, and ensuring the quality of information.

The MoES collects, processes, and verifies all educational administrative data, which is then transmitted to the State Statistics Service of Ukraine. As this process requires constant standardization of data collection approaches and data structures, educational information systems are constantly updated, gradually transitioning from collecting aggregated data to a continuously updated database including individual data of learners, teachers, and educational institutions.

The interoperability of databases and the conversion of the majority of reports to a paperless format have significantly reduced the reporting burden on data providers.

In 2023, Ukrainian EMIS – Automated Information Complex of Educational Management (AICEM) was updated with new e-documentation possibilities (reporting, communication, surveys, real-time data collection). Data business processes in preschool, general secondary, out-of-school and VET were also improved. In 2023, the first stage of testing for VET EMIS took place in the framework of the EU4Skills programme.

A national Eurydice unit for Ukraine at the Institute of Educational Analytics started its operations in January 2024. This will contribute to ensuring proper presentation of data on the education system of Ukraine in the Eurydice Network and a deeper understanding of the EU education systems.

Aiming to analyze compatibility of Ukrainian educational data being collected with the European ones a respective agreement was reached with the European Training Foundation to conduct this exercise within the ETF Regional Education Programme for Eastern Partnership 2024 – 2026.

- ***Are the provisions of the framework regulation for the production of European statistics on persons and households covered (labor force, income and living conditions, use of information and communication technologies) and the corresponding Commission implementing Regulations being rolled out?***

The program for the Development of Official Statistics until 2028 provides for the implementation of Regulation (EU) 2019/1700 of the European Parliament and of the Council of October 10, 2019 in the part of employment and unemployment statistics; income, social integration and living conditions; health care; information and communication technologies since 2025.

- ***Are crime statistics implemented?***

No relevant developments during the reporting period.

5. AGRICULTURAL STATISTICS

- ***Are integrated farm statistics covering the years 2020 and 2023 and including information on the structure of the agricultural holdings, rural development measures, animal housing and manure management, soil management practices, machinery and equipment, irrigation, orchards, and vineyards being planned, designed and produced according to Regulation (EU) 2018/1091 and Commission Implementing Regulation (EU) 2018/1874 (relevant for 2020)? What is missing?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

In addition, some of the main indicators provided for in Regulation (EU) No 2018/1091 on integrated farm statistics were estimated for agricultural enterprises (excluding households) based on available data from other surveys. Amendments to the reporting and statistical documentation have been developed, and changes to the methodological provisions of the observation "Availability of agricultural machinery" are being developed, which can be used to estimate modular indicators on agricultural machinery based on available enterprise data, the list of which is specified in Commission Implementing Regulation (EU) 2021/2286 of 16.12.2021.

- ***Has the 2020 agricultural census been conducted and have the results been subsequently published? If not, when is it planned for? Is it conducted according to the Regulation (EU) 2018/1091 and Commission Implementing Regulation (EU) 2018/1874? (only in the years following the census)***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Has the 2016 Farm Structure Survey been implemented? If not, when was the latest implemented Farm Structure Survey? Was it implemented according to Regulation (EC) No 1166/2008?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are animal production statistics (including milk and dairy statistics as well as slaughter statistics) produced according to the acquis?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are crop production statistics produced according to the acquis?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are Supply Balance Sheets available?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are agro-monetary statistics according to the acquis in place (Economic Accounts for Agriculture, Agricultural Price Index, Agricultural Labour Input)?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are data on agro-environmental indicators and use of pesticides available?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

6. ENVIRONMENT AND ENERGY STATISTICS

- *Are the following statistics produced, in line with the EU acquis?*

- *structural and short-term statistics of energy*

No relevant developments during the reporting period.

- *energy balances for all relevant energy sources*

No relevant developments during the reporting period.

- *Monthly Oil Statistics (MOS) data. Does it include data on emergency stocks?*

No relevant developments during the reporting period.

- *waste and water statistics. Does the country produce indicators for a circular economy?*

Resolution No 1102 of the Cabinet of Ministers of Ukraine of October 20, 2023 approved the Waste Classification Procedure and the National List of Wastes, which corresponds to the European List of Wastes according to Annex 3 of EU Regulation No 849/2010 of September 27, 2010. Starting with the 2024 report, indicators regarding waste statistics will be compiled in accordance with the above List of Wastes.

Since 2023, calculations of circular economy indicators regarding the amount of waste generated and the amount of processed waste without taking into account the main mineral waste have been introduced. After the introduction of the collection of data on waste according to the List of Wastes in 2025, the list of circular economy indicators can be expanded.

- *monetary environmental accounts (environmentally related taxes by economic activity, environmental protection expenditure)*

The State Statistics Service of Ukraine has created environmental protection expenditure accounts since 2018. According to the implementation of the State Statistics Development Program until 2023, Environmental Protection Expenditure Account for 2021 was compiled and published on the official website of the State Statistics Service of Ukraine:

https://www.ukrstat.gov.ua/operativ/operativ2022/ns/er_vonps/ek_vonps_21.xlsx

There are no other monetary environmental accounts in Ukraine.

- *physical environmental accounts (air emission accounts, material flow balances, physical energy flow accounts, environmental goods, and services sector accounts (EGSS))?*

The State Statistics Service of Ukraine has created air emission accounts since 2013. In order to implement Regulation (EU) No 691/2011 of the European Parliament and of the Council of July 6, 2011 on European environmental, economic accounts, in 2023, the State Statistics Service of Ukraine adopted the Methodology

for Calculating Greenhouse Gas Emissions, which includes, inter alia, information on F-gases distribution by NACE. According to the above-mentioned Methodology, Air Emission Accounts for 2021 have been created and published on the official website of the State Statistics Service of Ukraine: https://www.ukrstat.gov.ua/operatioperativ2021/ns/rvap/rvap_21_ue.xlsx

There are no other physical environmental accounts in Ukraine.

- *forest accounts, ecosystem accounts, environmental footprints*

No relevant developments during the reporting period.

- *annual data on renewable energy sources.*

No relevant developments during the reporting period.

7. COMPLEMENTARY CROSSCUTTING

- ***If data is already available, to what extent was it sent to Eurostat for validation and dissemination? Is EDAMIS used for transmission to Eurostat?***

No relevant developments during the reporting period.

- ***To what extent do Metadata accompany statistical data? Is SDMX used?***

At present, experts in the field of national accounts are studying how to transmit data using SDMX and EDAMIS.

- ***What extent of quality work is the NSI doing? Does the NSI have a quality manager?***

Quality reports of national accounts are prepared in accordance with European standards.

In 2023, a standard quality report of state statistical observation "*Input-Output Tables*" was developed. This information is posted on SSSU's official website at https://www.ukrstat.gov.ua/suya/st_zvit/2023/11/st_zv_TV_V_23.pdf.

- ***To what extent are quality reports drafted and made available?***

In 2023, the State Statistics Service introduced the European standard - the Single Integrated Metadata Structure (SIMS) for reporting on the quality of state statistical observations given Commission Recommendation (EU) 2023/397 of 17 February 2023 on reference metadata and quality reports for the European Statistical System.

The following have been approved: Provisions on the Preparation of a Standard Report on the Quality of State Statistical Observation taking into account the European standard - SIMS (Order No 414 of the State Statistics Service of December 28, 2022 registered at the Ministry of Justice of Ukraine on January 13, 2023 by No 74/39130 (with changes)), Procedure for the Development of a Standard Report on the Quality of State Statistical Observation given SIMS (Order No 136 of the State Statistics Service of April 6, 2023).

At present, quality reports for a third of all state statistical observations conducted by the State Statistics Service are posted on the SSSU website in accordance with SIMS. The preparation of quality reports for the remaining state statistical observations is planned for 2024-2025 in accordance with the Program for the Development of Official Statistics until 2028.

Since 2023, a third of the standard reports on the quality of state statistical observations have been made public, taking into account SIMS.

- *Are any experimental statistics developed and disseminated, using new data sources and methods?*

No relevant developments during the reporting period.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ strengthen the institutional independence and administrative capacity of the State Statistics Service of Ukraine (SSSU) and the coordination among relevant bodies to improve the quality of statistics

In order to improve the quality of statistical data, as well as strengthen the coordinating role of the State Statistics Service, the Regulation on the Preparation of a Standard Report on the Quality of State Statistical Observation taking into SIMS was approved (approved by the Order No 414 of the State Statistics Service of December 28, 2022 registered at the Ministry of Justice of Ukraine on January 13, 2023 by No 74/39130 (as amended), which applies to all producers of official state statistical information.

→ adopt the national strategy for the development of Ukrainian statistics for 2024-2029

On 15 September 2023, the Cabinet of Ministers of Ukraine approved the Programme for the Development of Official Statistics until 2028 (Resolution No. 989).

→ increase the production and transmission of high-quality and timely data to Eurostat

The draft Law of Ukraine "On Amendments to Item 1 of the Law of Ukraine "On Protection of the Interests of Entities that Submit Reporting and Other Documents in the Period of Martial Law or State of War" regarding the Peculiarities of Reporting in the Period of Martial Law or State of War" was submitted to the Cabinet of Ministers of Ukraine in February 2024 to increase production and transmission of quality and timely data to Eurostat.

The State Statistics Service constantly assesses the quality of official state statistical information based on the principles of relevance, accuracy and reliability, timeliness and punctuality, consistency and comparability, as well as accessibility

and clarity by compiling standard quality reports on state statistical observations. Since 2023, reports on the quality of state statistical observation have been developed given the European standard - the Single Integrated Metadata Structure (SIMS).

1. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

1.4. Public Procurement, Statistics, Financial Control

CHAPTER 32 – Financial Control



1. Public Internal Financial Control

Answers to the Guiding Questions

EU requirements: *There is no acquis that requires transposition into national legislation. Rather, a candidate country is expected to adopt and implement internal control (based on managerial accountability) and internal audit, in line with the internationally recognised frameworks and standards, especially:*

- *COSO Internal Control – Integrated framework: <http://www.coso.org>*
- *INTOSAI: Guidance for good governance: <http://www.intosai.org/issai-executive-summaries/intosai-guidance-for-good-governance-intosai-gov.html>*
- *Internal audit International Professional Practices Framework (IPPF): <https://na.theiia.org/standards-guidance/Pages/Standards-and-Guidance-IPPF.aspx>*

Strategic framework

• *How up to date is the strategic framework for the development and implementation of PIFC? Is there a stand-alone PIFC Strategy or are PIFC reforms articulated within an overarching Strategy, i.e. PAR or/ and PFM Strategy? How well does it describe the functioning of managerial accountability, internal control and internal audit? Does it include an analysis of the adequacy of these arrangements? Does it cover local government entities and state-owned enterprises? Does it include a realistic action plan for implementation?*

The current strategic basis for the development and implementation of the public internal financial control (PIFC) is defined as a separate block in the Strategy for Public Finance Management System Reform for 2022-2025 and the Action Plan for its implementation.

The mentioned documents (1) define the purpose of the development of PIFC (strengthening of managerial accountability at all levels of the public sector, increasing the effectiveness of internal control and internal audit in authorities) as well as (2) describe the current situation in the field of PIFC and the analysis of existing problems. The Strategy covers issues of both internal control (including management accountability) and internal audit.

The Strategy and the Action Plan for its implementation determine the actual tasks for the further development of the PIFC system (internal control, internal audit and activities of the CHU) and the indicators of their implementation.

According to the SIGMA 2023 Monitoring report “Public Administration in Ukraine”, the existence of an actual strategic framework was confirmed, and the sub-

indicator “Availability of internal control development policy” received 5 out of 6 points.

The Strategy also determines the need to develop measures for the implementation of the internal control system and the internal audit function by local level bodies. The requirements of Article 26 of the Budget Code of Ukraine regarding the organization and provision of internal control and internal audit apply to all administrators of the key spending units of the budget funds (both state and local budgets). They also provide for the need to organize internal control and internal audit and ensure their implementation both directly in their institutions and at enterprises, in institutions and organizations that belong to the sphere of management of the relevant key spending units.

• ***Is the PIFC strategy clearly linked to the overall PAR and/or public financial management reform framework?***

The strategic framework of PIFC as part of the Strategy for Public Finance Management System Reform is related to other relevant reforms in the field of public finance management. In addition, the Strategy for Public Finance Management System Reform is consistent with other strategic documents, in particular, the Association Agreement between Ukraine and the EU, the Program of Activities of the Cabinet of Ministers of Ukraine, Strategy for Public Administration Reform in Ukraine for 2022-2025, the National Economic Strategy until 2030, etc.

Also, to ensure the coordination of state institutions and the effective implementation of the Strategy for Public Finance Management System Reform, there was initiated a three-level coordination mechanism, which includes:

1) working subgroups formed in accordance with the components of the PFM system (including the working subgroup on financial control issues);

2) the Sector (inter-agency) Working Group on Development of Public Finance Management System, which monitors and evaluates the state of implementation of the Strategy, reviews reports on its effectiveness;

3) Coordination Council on Public Administration Reform, which (1) carries out general coordination of the actions of executive authorities related to the implementation of the Strategy and the Action Plan of its implementation, (2) monitors and evaluates the effectiveness of their implementation.

• ***How and how regularly is implementation of the strategy and its action plan monitored and reported to the government?***

Monitoring of reform implementation and evaluation of the effectiveness of the implementation of the Strategy for Public Finance Management System Reform (including in the PIFC area) includes the preparation of 1) quarterly and 2) annual reports, namely:

1) quarterly monitoring of the implementation of the Strategy is carried out (1) by the Ministry of Finance summarizing the information of the responsible authorities on the results of the implementation of the measures specified in the Action Plan for the Strategy implementation (2) as well as by submitting till the 25th of the month following the reporting quarter of the relevant report to the Coordination Council for Public Administration Reform and the Cabinet of Ministers of Ukraine;

2) the effectiveness of the implementation of the Strategy and the state of goal achievement in each area of the public finance management system are evaluated every year. The corresponding report is prepared by the authorities responsible for the implementation of the actions, and is submitted to the Ministry of Finance by the responsible executors every year by March 1. By June 1, the Ministry of Finance will prepare a summarized analytical report on the progress of the implementation of this Strategy, evaluation of effectiveness, and submit it for consideration by the Coordination Council on Public Administration Reform. The report approved by the Coordinating Council on Public Administration Reform is submitted to the Cabinet of Ministers of Ukraine and posted on the official website of the Ministry of Finance.

In addition, the Central Harmonization Unit of the Ministry of Finance (CHU) prepares and submits to the Cabinet of Ministers of Ukraine a separate report on the functioning of public internal financial control every year by April 1.

• Is there clearly communicated political commitment for implementing PIFC in the public sector? Does the Government take action with regard to delays in implementing the PIFC strategy?

The political decision regarding the implementation of the Public Internal Financial Control System was formalized in 2005 by the approval of the Concept of the Development of Public Internal Financial Control for the period until 2017 and subsequently in all conceptual/strategic documents on the reform of the public financial management system (the Strategy for Public Finance Management System Reform (PFM Strategy) for the relevant period) the PIFC direction and actions for its development were foreseen by a separate block.

Obligations of Ukraine regarding the implementation and further development of the PIFC system are also defined by the Association Agreement between Ukraine and the EU (Article 347).

The duty of key spending units to organize internal control and internal audit and to ensure their implementation in their institutions and enterprises, in institutions and organizations belonging to the sphere of their management, is defined by the third part of Article 26 of the Budget Code of Ukraine.

Currently, there have been no delays in the implementation of the Strategy of the PIFC, which would require the adoption of separate decisions of the Government at the strategic level. At the same time, based on the results of the examination of the annual reports of the CHU on the state of operation of the PIFC, the Government

issues instructions to state bodies to ensure proper organization and implementation of internal control and internal audit, taking into account the proposals of the Ministry of Finance.

● *Does the Government discuss and ensure sufficient follow-up on the annual review of PIFC prepared by the CHU?*

CHU annually conducts an analysis of the state of functioning of internal control and internal audit in state bodies and submits to the Government reporting information on the state of functioning of the PIFC with relevant recommendations and proposals for improving the organization and implementation of internal control and internal audit.

Based on the results of the review of the specified report, the Government issues appropriate instructions to the heads of state authorities, taking into account the recommendations and proposals of the Ministry of Finance regarding the improvement of the organization and implementation of internal control and internal audit. State authorities report on the results of the implementation of the specified recommendations and proposals, and the Ministry of Finance monitors their implementation.

For example, the reporting information on the state of the PIFC for 2022 and relevant proposals was submitted to the Cabinet of Ministers of Ukraine by the letter of the Ministry of Finance on March 29, 2023. Following the results of consideration of this letter, the Government instructed the state authorities to ensure the proper organization of internal control and internal audit, to take measures to eliminate the identified deficiencies and prevent them in the future (Government resolution dated April 4, 2023). The Ministry of Finance monitors the state of implementation of the mentioned instructions and prepares information on measures taken by them regarding the proper organization and implementation of internal audit, which was submitted to the Cabinet of Ministers of Ukraine on June 30, 2023.

Managerial accountability

Managerial accountability is an essential constituent of PIFC reform and concerns the delivery of objectives and services by making best use of available resources. A sound system of managerial accountability requires a balance between administrative performance (legality and regularity) and managerial performance (achievement of objectives and efficiency). Managers need relevant and explicit policy objectives; broken down into clear operational objectives on which to work; the authority and resources with which to achieve those objectives; and the freedom to work out the most efficient way to do so within the constraints set by transparent procedures for the management of public funds.

The proper balance between administrative and managerial accountability is necessary. If the focus is too heavily on the legal/procedural requirements it is likely that a manager's active performance will be measured on how the work is done (administrative accountability) rather than on what results have been achieved

(managerial accountability). On the other hand focusing solely on achieving objectives may lead to unintended legal distortions and can carry increased risk of misuse of public funds.

• *Are procedures in place for each public entity to develop organisational objectives in line with overall government vision/policy?*

At its sessions, the Cabinet of Ministers examines and makes decisions regarding its own activity plans in order to ensure coordinated and consistent actions of ministries and other authorities, in particular on the implementation of program documents of the Cabinet of Ministers.

The Budget Code of Ukraine (Part 5 of Article 22) determines that the key spending units develop an Action Plan for the medium-term period (including actions for the implementation of investment projects) taking into account the Budget Declaration, State Budget Law of Ukraine, forecast and program documents of economic and social development. Budget programs (budget lines) are formed taking into account Action Plans for the medium-term period, forecast and program documents of economic and social development (Article 20).

On April 26, 2003 the Cabinet of Ministers of Ukraine adopted Resolution № 631 “On the development of forecast and program documents of economic and social development and drafting of the Budget Declaration and the State Budget”.

Following this on July 25, 2012 the Ministry of Economic Development issued an order № 869 that approved the Methodological recommendations for the development of activity plans of the key spending units (for budgetary purposes determined by the Law on the State Budget of Ukraine for the relevant budget period) for the planned and two budget periods coming after the planned one.

The strategic plan is developed in order to determine the purpose (mission) and strategic goals of the institution's activities, its tasks and indicators of the results of their implementation for the planned period in accordance with the strategic goals and priorities of socio-economic development. The plan is developed on the basis of an assessment of the implementation of the strategic plan for the reporting period, an analysis of the current situation in the relevant field, and an assessment of factors influencing the activities of the planning body. The plan is drawn up every year on the basis of the tasks and functions of the key spending units defined by legislative acts, in particular in accordance with:

action plans of the Cabinet of Ministers of Ukraine, forecast and program documents of the economic and social development of Ukraine, state target programs;

the main directions of the budget policy for the next budget period, established budget assignments in accordance with the Law on the State Budget of Ukraine for

the corresponding budget period and the forecast of the State Budget of Ukraine for the next two budget periods, approved by the Cabinet of Ministers of Ukraine.

The strategic plan covers the entire sphere of activity of the corresponding key spending unit, including the activities of key spending units of a lower level, enterprises, institutions and organizations belonging to the sphere of his management.

The key spending units ensure the coordinated development of strategic plans and the budget request for the next budget period.

The basic principles of internal control by key spending units stipulate that the organization and implementation of internal control in the institution is ensured, in particular, by introducing clear systems (procedures) for planning activities, monitoring their implementation and reporting on the implementation of plans, tasks and functions, assessment of achieved results. And, if necessary, timely adjustment of the institution's activity plans.

Internal documents of the institution regulate issues, in particular, regarding the establishment of the goal (mission) and strategic goals of the institution's activity; activity planning.

In addition, each key spending units defines a goal in the passport of the budget program (goals that must be achieved during the implementation of the budget program, correspond to the priorities of state policy in the relevant sphere, and are aimed at achieving the goals of state policy in the relevant sphere of activity). It also determines the tasks, directions for the use of budget funds, responsible executors, performance indicators (quantitative and qualitative indicators that determine the result of the implementation of the budget program, characterize the progress of its implementation, the degree of achievement of state policy goals in the relevant field of activity). And other characteristics of the budget program in accordance with the budget the purpose established by the Law on the State Budget of Ukraine, and the goals of state policy in the relevant sphere of activity.

● Are institutions of particular types drawing up the following: mission and vision statements, strategic objectives, programmes with defined objectives, annual work plans dovetailing with the strategic and programme objectives, performance indicators with which to monitor implementation of objectives?

In the report on the state of the organization and implementation of internal control for the year 2023, the following information is provided by state bodies:

all ministries and other authorities indicated the goal (mission) of their activities;

the majority of institutions noted the approved action plans for the medium-term period with established strategic goals and key indicators of their achievement, programs with defined goals;

almost all institutions mentioned the approved annual/operational work plans.

Also, all key spending units approved passports of budget programs.

The reporting information on the state of operation of the PIFC for 2023, including internal control, are published on the website of the Ministry of Finance.

• *Is there an effective delegation framework under which managers and staff are aware both of their responsibilities and of the authority delegated to them?*

State authorities possess an effective system of delegation of authority.

In particular, powers and responsibilities of lower-level managers and employees of the authority are granted and assigned by regulations on structural units and job descriptions approved by the heads of civil service in these authorities or in the civil service contract. In addition, an employee may be delegated to perform a specific task by orders or instructions of the head.

On the day a person is appointed, the personnel management service familiarizes them with the regulations on the structural unit, as well as with the rules of the internal service procedure and the job description for signature.

At the same time, in the reporting information on the state of the organization and the implementation of internal control for 2023, all institutions reported on the granting of sufficient powers to the heads of divisions to ensure the performance of the institution's main tasks/functions, the achievement of its strategic goals/their key indicators, the annual work/activity plan and /or goals, tasks and performance indicators of budget programs.

In addition, all authorities ensure sufficient accountability for performance of heads of structural units, including delegated main tasks/functions of the authority, which is confirmed by the description of approaches to organization and accountability on the example of performance of one of the main tasks/functions, budget program or achievement of a goal.

The reporting information on the state of operation of the PIFC for 2023, including on internal control, are published on the official website of the Ministry of Finance.

• *How is the delegation framework defined, and authority assigned and communicated within public sector organisations?*

The Law of Ukraine “On Central Bodies of Executive Power” indicates that:

the minister determines the duties of the first deputy minister, deputy ministers, the distribution of the minister's powers between the first deputy minister and the deputy ministers, which they exercise in his absence;

the head of the central executive body approves the distribution of duties between the deputy heads.

The Procedure for delegating certain powers of the head of the civil service in the central executive body was approved by the Cabinet of Ministers of Ukraine on December 11, 2019.

The main principles of internal control by key spending units stipulate that the head of the institution ensures a clear division of duties, powers and responsibilities between deputy heads of the institution, lower-level managers and employees of the institution.

Internal documents of the institution regulate issues, in particular, regarding the definition of the organizational structure, powers, responsibilities and accountability of the management and employees of the institution; establishment of a list of tasks and functions, their distribution and confirmation by executors (co-executors).

Additionally, the legislation defines issues regarding the powers and duties of employees who ensure activity in a certain area, for example, the laws of Ukraine “On Prevention of Corruption”, “On Protection of Information in Information and Telecommunication Systems”, Resolutions of the Cabinet of Ministers of Ukraine “On Approval of the General Provision on the legal service of the ministry, other executive authority, state enterprise, institution and organization”; “On the approval of the Standard Regulation on the accounting service of a budget institution”; “Some issues of internal audit and formation of internal audit units” etc.

• *How far are budgets aligned with decision-making authority within public sector organisations?*

The Budget Code of Ukraine defines the legal principles of the functioning of the budget system of Ukraine, its principles, the foundations of the budget process and inter-budgetary relations, and responsibility for violations of budget legislation.

In accordance with Article 20 of the Budget Code of Ukraine, in the budget process, the program-target method is applied at the level of the state budget and local budgets. Components of the program-target method in the budget process are budget programs, responsible executors of budget programs, passports of budget programs, performance indicators of budget programs.

Budget programs are formed by the key spending units during the drafting of the Budget Declaration (forecast of the local budget) and the draft Budget for the planned budget period, taking into account activity plans for the medium-term period, forecast and program documents of economic and social development.

The responsible executor of budget programs is determined by the key spending units and approved by the Ministry of Finance (local financial body). The responsible executor of budget programs in the process of their implementation ensures targeted and effective use of budget funds during the entire period of implementation of the corresponding budget programs within the limits of the specified budget assignments.

Performance indicators of the budget program are used to evaluate the effectiveness of the budget program in terms of the use of budget funds and include quantitative and qualitative indicators that determine the result of the implementation of the budget program, characterize the progress of its implementation, the degree of achievement of state policy goals in the relevant field of activity, the formation and/or implementation of which is ensured by the key spending units, the achievement of the goal of the budget program, the fulfillment of the tasks of the budget program, and highlights the scope and quality of public service provision.

The list of performance indicators for each budget program is developed by the key spending units in accordance with the legal act of the Ministry of Finance.

At all stages of the budget process, its participants perform evaluation within their powers the effectiveness of budget programs, which includes measures for monitoring, analysis and control over the targeted and effective use of budget funds.

The results of the evaluation of the effectiveness of budget programs (including the conclusions of the executive authorities authorized to monitor compliance with the budget legislation and the conclusions of the Accounting Chamber) are the basis for making decisions on making changes to the budget allocations of the current budget period in accordance with the established procedure, corresponding proposals to the draft budget for the planned budget period and the Budget Declaration (forecast of the local budget).

In order to ensure the improvement of the efficiency and effectiveness of the use of state budget funds, by decision of the Cabinet of Ministers of Ukraine, reviews of state budget expenditures are carried out, which provide for the analysis of the effectiveness of the implementation of state policy in the relevant field of activity at the expense of state budget funds within the limits of specified budget programs, as well as evaluation of efficiency and effectiveness and the economic expediency of the corresponding expenditures of the state budget.

Based on the results of such reviews, the Cabinet of Ministers of Ukraine makes a decision, which is the basis for introducing relevant proposals to the draft budget for the planned budget period and to the Budget Declaration.

Article 22 of the Budget Code of Ukraine defines the powers of key spending units (key spending units and spending units of lower-level).

Key spending units, in particular:

develops an activity plan for the medium-term period (including measures for the implementation of investment projects) taking into account the Budget Declaration (forecast of the local budget), the Law on the State Budget of Ukraine (decisions on the local budget), forecast and program documents of economic and social development;

organizes and ensures the drafting of a budget proposal taking into account the Budget Declaration (forecast of the local budget), approved (approved) in the

previous budget period, and submits it to the Ministry of Finance (local financial body);

organizes and ensures, on the basis of the Budget Declaration (forecast of the local budget) and the activity plan for the medium-term period, the preparation of the budget request and submits it to the Ministry of Finance of Ukraine (local financial body).

Proposals for the draft Budget for the planned budget period with appropriate justification for the amount of budget funds necessary for the performance of the functions assigned to the key spending units for the medium-term period, based on the relevant marginal indicators of budget expenditures and the granting of loans from the budget, are contained in the budget request prepared by such manager funds

The information that is included in the budget request should characterize the direction of the actions of the key spending units to achieve the goals of the state policy, defined in the Budget Declaration, through the implementation of the budget programs defined by him. The key spending units ensures the consistency of strategic and budget planning by determining a set of measures and performance indicators of budget programs that are necessary and sufficient for the performance of indicators of the achievement of state policy goals in the medium term.

The budget request contains information on all budget funds used by the key spending units in the previous year and which he plans to use in the current year and in the medium-term period, and all budget programs that have been implemented, are being implemented, and are proposed for implementation in the corresponding budget period.

In accordance with Article 33 of the Budget Code of Ukraine, the key spending units, in accordance with the requirements of the instructions and the approximate marginal indicators of the state budget expenditures and the provision of loans from the state budget for the medium term, proven by the Ministry of Finance, make budget proposals, including information on the goals of state policy in the relevant field of activity, the formation and/or implementation of which is ensured by the key spending units, and indicators of their achievement.

• Are managers reporting on achievement against organisational objectives plus financial variations against targets?

The main principles of internal control by key spending units stipulate that during the organization and operation of internal control, managerial responsibility and accountability of the head and employees of the institution is ensured, which is based on the requirements of the law and applies to all activities of the institution. In accordance with the procedure established by law, the head of the institution reports on the effectiveness and efficiency of the institution's activities, the achievement of defined goals (missions), strategic and other goals, including the implementation of internal control.

Heads of divisions and employees of the institution are responsible and accountable for the performance of tasks and duties assigned to them in accordance with legislative acts and internal documents of the institution.

The internal documents of the institution regulate issues, in particular, of drawing up and submitting reports on activity results (procedures for the introduction of managerial responsibility and accountability, including indicators achieved during the performance of assigned tasks and measures, levels, forms and deadlines for reporting), informing the institution's management of deficiencies in the system of internal controls, identified as a result of monitoring.

The Budget Code of Ukraine, in particular, establishes that the chief accountant of a budget institution ensures the preparation and submission of financial (information about all conducted economic transactions that are reflected in accounting) and budget reporting (reflects the state of budget implementation).

Key spending units ensure the organization and maintenance of accounting, compilation, submission of financial and budget reports and availability of information about the budget.

Key spending units carry out a public presentation of information on the implementation of budget programs, including the achievement of state policy goals in the relevant field of activity within budget programs for the reporting budget period, and also publish on their official websites, in particular:

- information about the goals of state policy in the relevant field of activity and indicators of their achievement within the budget programs for the reporting budget period;

- reports on the implementation of passports of budget programs for the reporting budget period;

- reports on the progress of implementation of state investment projects;

- the results of evaluating the effectiveness of budget programs for the reporting budget period;

- reports on reviews of state budget expenditures.

Also, key spending units report on the implementation of the passport of the budget program (a document that defines the purpose, tasks, directions of use of budget funds, responsible actors, performance indicators and other characteristics of the budget program in accordance with the budget assignment established by the Law on the State Budget of Ukraine (the decision on the local budget), and state policy goals in the relevant field of activity).

In the reports on the implementation of the passport of the budget program, it is noted in particular:

- deviation of the amounts of cash expenditures from the amounts approved in the passport of the budget program with an explanation of their reasons;

performance indicators characterizing the implementation of the budget program, the state of their implementation is analyzed with explanations of discrepancies (deviations) between the actual performance indicators achieved during the reporting period and those approved in the passport of the budget program.

In addition, the Law of Ukraine “On Central Bodies of Executive Power” establishes, in particular, that:

the state secretary of the ministry reports on the ministry's implementation of the Constitution and laws of Ukraine, acts of the President of Ukraine, acts of the Cabinet of Ministers of Ukraine, orders of the ministry and assignments of the minister, his first deputy and deputies; reports on the implementation of the Ministry's work plans;

the head of the central executive body reports to the minister on the implementation of the work plans of the central executive body and the tasks assigned to it, on the elimination of violations and deficiencies discovered during inspections of the activities of the central executive body and its territorial bodies, as well as on the prosecution of officials persons guilty of committed violations.

The Law of Ukraine “On Public Service” stipulates that heads of executive bodies annually present a public report on the results of the activities of the relevant state body with the participation of representatives of public councils, public associations, employers' organizations, trade unions, non-profit organizations, experts in relevant fields and the media (information on the results of the work, the measures that were carried out and the tasks that were carried out to achieve strategic goals is indicated. The results that were achieved in the area of the implementation of the tasks and measures are indicated; the ratio of the budget of the current year with the actual expenses of the previous year is indicated. Analysis of the effectiveness of the funds used and comparison with the previous reporting period is carried out; organizational information is noted).

At the same time, in the reporting information on the state of the organization and implementation of internal control for 2023, all institutions reported on ensuring at the appropriate level:

reporting on the results of the institution's activities (regarding the performance of main tasks/functions, achievement of goals/their key indicators);

preparation of budget reporting (regarding the implementation and achievement of goals, tasks and performance indicators of budget programs), financial reporting and statistical information.

And the reporting information on the state of operation of the PIFC for 2023, including on internal control, are published on the official website of the Ministry of Finance <https://www.mof.gov.ua/uk/informacija-pro-stan-vnutrishnogo-kontrolju-ta-vnutrishnogo-auditu>.

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• *To what extent do public sector managers issue statements of assurance confirming that they have ensured that systems of internal control are in place, good business practices are implemented and followed in all areas, compliance is maintained, fraud risks are identified and mitigated, and effective governance is established?*

Paragraphs 7 and 10 of the Basic principles of internal control by key spending units establish that the head of the institution reports on the efficiency and effectiveness of the institution's activities, the achievement of the defined goals (missions), strategic and other goals, including the implementation of internal control. The key spending units, central executive bodies, regional and Kyiv city state administrations submit to the Ministry of Finance a report on the state of the organization and implementation of internal control in terms of elements of internal control according to the form established by the Ministry of Finance every year by February 1.

The form of the Report on the state of the organization and the implementation of internal control in terms of elements of internal control was improved on August 15, 2023 by the order of the Ministry of Finance № 441 and includes:

a summary that reflects approaches to managerial responsibility and accountability for ensuring compliance with the legality and effectiveness of the use of budget funds, achieving results in accordance with the established goal, tasks, plans and requirements in the relevant field of activity. It includes the following information regarding the sufficiency of the organizational measures taken to ensure the fulfillment of the main tasks, achievement of activity goals, goals, tasks and performance indicators of budget programs; efficiency and effectiveness of activities when using the amount of funds determined by the budget; confirmation in the reporting of information about the efficiency and effectiveness of the activity; taking measures to eliminate the causes of deviations from the planned result;

section on the disclosure of issues of the functioning of its key components (in particular, regarding accountability; proper use of budget funds, management of state-owned objects and other resources, organization of measures to prevent corruption and fraud, compliance with the rules of ethical behavior, reporting, implementation of control measures; required level of information and communication exchange);

section on the assertion that internal control has been implemented in accordance with the third part of Article 26 of the Budget Code of Ukraine, the Basic principles of internal control by key spending units, and international practice (in particular, with regard to sufficient guarantees of the appropriateness of the use of resources), provided use of resources (including budget funds) in a proper and efficient manner in order to achieve results in accordance with the established goals, tasks, plans and requirements. In the reporting information on the state of the organization and implementation of internal control for 2023, almost all institutions gave an affirmative answer. And the reporting information on the state of operation

of the PIFC for 2023, including on internal control, published on the official website of the Ministry of Finance.

• *To what extent do public sector managers allow functional independence to internal audit? Do managers generally respond to the findings of internal audit in writing and ensure operational follow-up?*

The head of the state institution must ensure the functional independence of the internal audit, which involves preventing the employees of the internal audit unit from performing functions unrelated to the implementation of the internal audit. In practice, most state institutions ensure compliance with the specified provisions regarding the functional independence of internal audit. At the same time, there are cases of deviations from the established requirements. Detailed information is provided in the “Internal Audit” block.

In accordance with the specified Procedure for conducting internal audits and forming internal audit units, the head of the state body ensures the timely review of audit reports and recommendations and the adoption of appropriate response measures based on the results of internal audits.

Also, the internal audit unit ensures monitoring of the results of the implementation of audit recommendations. Such monitoring involves the implementation of measures by employees of the internal audit unit to obtain information from the persons responsible for the activity about the results of the implementation of audit recommendations.

In general, state institutions ensure the implementation of the results of internal audits in practice and the implementation of measures to implement audit recommendations, which is confirmed, in particular, by the reporting data of the internal audit units of state bodies regarding the state of implementation of audit recommendations (according to the results of 2023, the implementation of 88.9 percent of audit recommendations was ensured). Detailed information is provided in the “Internal Audit” block.

The reporting information on the state of operation of the PIFC for 2023, including the internal audit, are published on the official website of the Ministry of Finance. _

Internal control / Implementation of financial management and control (FMC) (Internal control / Financial Management and Control (FMC) implementation)

• *Is there a legal framework in place for internal control/FMC, setting the operational framework that applies to all public institutions, and that is in line with the Committee of Sponsoring Organisations (COSO) model?*

The necessary legislative framework in the field of internal control has been adopted, that is confirmed by the results of the assessment conducted by experts of

the SIGMA Program as part of the assessment of the state of affairs in the public administration system of Ukraine in 2023 (legal and operational basis for internal control (indicator “Adequacy of the operational structure of internal control”) rated 4 points out of 5). In particular, the experts noted the creation of a fairly complete legislative and operational framework in the field of internal control, which combines many of the main elements of a quality system of the PIFC, the introduction and functioning of several key aspects that support an adequate system of internal control.

In accordance with the third part of Article 26 of the Budget Code of Ukraine, key spending units (budget institutions) in the person of their managers organize internal control and internal audit and ensure their implementation in their institutions and enterprises, in institutions and organizations belonging to the sphere of management of such key spending units.

The internal control framework is defined in the Basic Principles of Internal Control by Budget Fund Administrators, and takes into account the COSO model (developed by the Committee of Sponsoring Organizations) and provides for the functioning of the relevant elements: internal environment, risk management, control measures, information and communication, monitoring.

The requirements of the specified legislation in terms of internal control apply to the activities of all key spending units at all levels (key spending units and spending units of a lower level, both in relation to state and local budgets).

Also, the Ministry of Finance has developed amendments to the Basic principles of internal control by key spending units (hereinafter - changes to the Basic principles of internal control), with the aim of clarifying issues regarding managerial responsibility and accountability, approaches to risk management and the creation of an effective management system (as of April 2024 amendments were sent to the relevant bodies for approval).

• *Is the legal framework on FMC consistent with the legal framework governing civil and public service arrangements and organisational structures (e.g. delegation of responsibilities, etc.)? Does the internal control system set requirements for ethical behaviour or standards of conduct (especially concerning potential conflicts of interest and how to deal with them)?*

The main principles of internal control key spending units stipulate that the head of the institution organizes and ensures the implementation of internal control in accordance with legislative acts regulating issues of work with personnel and prevention activities and detection of corruption.

One of the principles of internal control is the distribution of powers and a clear definition of the duties of the management and employees of the institution, providing them with the appropriate rights and resources necessary for the performance of official duties.

At the same time, one of the components of the internal environment is the determination of the rules and principles of human resources management aimed at ensuring the institution's performance of tasks and functions and the achievement of established goals (missions), strategic and other goals, plans and requirements for its activities.

Internal documents of the institution should regulate the issue of establishing a list of tasks and functions, their distribution and confirmation by executors (co-executors).

In turn, the general principles, legal and organizational principles of civil service provision (the right to civil service, holding a competition, appointment to a position, official career, remuneration and incentives, working hours and rest, official discipline and responsibility, etc.) are defined by the Law of Ukraine "On Civil Service" and other legislative acts adopted to implement this Law. Public service must be carried out in particular in compliance with the principle of efficiency (rational and effective use of resources to achieve the goals of state policy), and the employee is also obliged to ensure the effective performance of the tasks and functions of state bodies within the limits of the given powers.

The specified legislation also defines that the duties of employees are provided by the regulations on structural subdivisions and job instructions approved by managers or in the civil service contract. In addition, in the orders or instructions of the manager, the employee can be delegated to perform a specific task.

Also, the Basic Principles of Internal Control by Key Spending Units stipulates that the internal documents of institutions must regulate, among other things, the issue of ensuring that employees comply with the requirements of legislation in the field of prevention and detection of corruption, rules ethical behavior.

In particular, during the organization and implementation of internal control, the management and employees of the institution create an environment that ensures:

compliance by employees with standards of ethical behavior;

not allowing the behavior of employees to commit corruption offenses, fraudulent actions or other abuses;

timely detection of any circumstances that may lead to employees violating standards of ethical behavior or legislation on the prevention of corruption and taking appropriate corrective actions to eliminate the specified circumstances;

the possibility of reporting facts of corruption, fraud or other abuse of position to the manager; bringing the culprits to justice and compensating them for the damage.

To ensure proper ethical behavior, each employee must have clear knowledge and awareness of the need to comply with ethical standards, legislation on the prevention of corruption. In particular, for such awareness in institutions, it is ensured that the requirements of legislation on the prevention of corruption and the rules of ethical behavior are brought to the staff.

The issue of ethical behavior and prevention of conflicts of interest by civil servants, in particular, is defined in the Laws of Ukraine “On Civil Service” and “On Prevention of Corruption”.

The Law of Ukraine “On Civil Service”, among other things, defines:

the basic duties of observing the principles of public service and the rules of ethical behavior, preventing the emergence of a real, potential conflict of interest during public service are defined; it is stipulated that in order to ensure the proper level of official discipline, the head of the civil service is obliged to take measures to ensure that employees observe the rules of ethical behavior;

disciplinary action is provided for the employee for violating the rules of ethical behavior; it is stipulated that the presence of a conflict of interest by an employee is grounds for termination of public service.

The Law of Ukraine “On Prevention of Corruption”, in particular:

the procedure for the prevention and settlement of conflicts of interest is defined (including requirements for the implementation of measures for external and independent settlement of conflicts of interests, removal from the performance of a task, taking actions, making a decision or participating in its adoption, transfer, dismissal of a person in connection with the existence of a conflict interests);

requirements for the behavior of employees, compliance with the requirements of the law and ethical standards of conduct, impartiality, competence and efficiency, non-disclosure of information, refraining from the execution of illegal decisions or assignments;

the powers of the National Agency on Corruption Prevention (hereinafter – NACP) in terms of monitoring and controlling the implementation of acts of legislation on ethical behavior, prevention and settlement of conflicts of interest, issuing orders on violations of legislative requirements regarding ethical behavior, prevention and settlement of conflicts of interests, other requirements and restrictions provided for by this Law are defined;

it is stipulated that in cases of detection of violations of requirements for ethical behavior, prevention and settlement of conflicts of interest, the NACP issues an order to the head of the relevant body, enterprise, institution, organization to eliminate violations of the law, conduct an official investigation, and bring the guilty person to the responsibility established by law.

The general rules of ethical behavior of civil servants and officials of local self-government are a generalized collection of professional and ethical requirements regarding rules of conduct of civil servants and officials of local self-government, whose activities are aimed at serving the people of Ukraine and the territorial community by ensuring protection and assistance in the realization of the rights, freedoms and legitimate interests of a person and a citizen.

Heads of institutions or their structural subdivisions, in the case of detection or receipt of a notification of a violation of the rules of ethical behavior within their

competence, in accordance with the law, are obliged to take measures to stop the detected violation, eliminate its consequences and bring the guilty persons to disciplinary responsibility, and in cases of detection of signs of a criminal or administrative offense, also inform specially authorized entities in the field of anti-corruption.

Also, the Ministry of Finance has developed changes to the Basic Principles of Internal Control in order to clarify issues regarding an effective management system, which should prevent the emergence of corruption risks, fraud or abuse of official position.

• Is risk management incorporated in the regular management and governance processes rather than being treated as a separate compliance exercise?

The basic principles of internal control by key spending units, establish that risk management is the activity of the management and employees of the institution to identify risks, carry out their assessment, and determine ways of responding to identified and assessed risks, reviewing identified and assessed risks to identify new and changed risks.

In particular, the organization and implementation of internal control in the institution is ensured by the implementation by the management and employees of the institution of plans, tasks and functions defined by legislation and internal documents approved by the head of the institution. As well as informing the management of the institution about the risks that arise during the performance of tasks and functions assigned to them, taking control measures, monitoring, and exchanging information.

According to the results of the processing of the reporting information provided by the institutions on the state of the organization and the implementation of internal control for 2023, it is observed that 81% of institutions includes risk management in the normal management processes (50% of which indicated that risk management activities are considered in relation with the implementation of the main tasks, the achievement of goals/plans of activity, the implementation of priority areas of work; 31% indicated the implementation of measures regarding the organization of risk management).

This indicator in the reported information for 2022 was 79 percent. And the reporting information on the state of operation of the PIFC for 2023, including on internal control, are published on the official website of the Ministry of Finance.

As well, in order to clarify issues related to risk management approaches, the Ministry of Finance developed amendments to the Basic principles of internal control:

the concept of risk is extended (the possibility of an event, circumstances or their combination that will have an impact on the institution's ability to perform tasks

and functions, targeted, effective management of budget funds, objects of state (communal) property and other resources, functioning of information (automated), communication and information and communication systems, the functioning of internal control and achieve the defined goal (mission), strategic and other goals of the institution's activity, including the possibility of causing or allowing the emergence of corruption risks, fraud or abuse of official position);

the principle of responsibility and accountability is clarified - the management and employees of the institution are responsible and accountable, in particular, for the functioning of internal control and risk management.

• *Where a subordinate or second-level organisation exists, is its relationship with the higher or first-level organisation clearly defined in a regulation or similar written document?*

The relations of subordinate organizations are defined by legislation, in particular, regarding organizational issues and issues related to the management of budget funds.

Regarding organizational issues. The Law of Ukraine “On Central Authorities of Executive Power” defines the powers of the minister in relations with the central body of executive power, the activities of which are directed and coordinated through such a minister (in particular, it defines the structural unit of the ministry's apparatus that is responsible for interaction with the central body of executive power, determines the order of interaction and exchange of information between the ministry and the central body of executive power, hears reports on the performance of the tasks assigned to the central body of executive power and their work plans).

The head of the central executive body, in particular:

submits to the relevant minister for consideration proposals to ensure the formation of state policy in the relevant field, in particular, draft legislative acts developed by the central executive body, orders of the relevant ministry, as well as the position on draft acts developed by other ministries;

submits work plans to the Minister for approval;

approves, in agreement with the minister, the structure of the apparatus of the central executive body;

ensures the execution by the central body of the executive power of the minister's orders and commissions;

ensures the interaction of the central body of executive power with the relevant structural division of the ministry, compliance with the procedure for exchanging information between the ministry and the central body of executive power and the timeliness of its submission;

reports to the minister on the implementation of work plans and tasks, on the elimination of violations and deficiencies identified during inspections of the

activities of the central executive body and its territorial bodies, as well as on the prosecution of officials guilty of violations.

The issues of relations between the ministry, another central body of executive power and its territorial body are defined in the Standard Regulation on territorial bodies of the ministry and other central body of executive power, as well as in the direct provision on the corresponding territorial body .

The specified acts establish that the head of the territorial body, in particular:

organizes and ensures the execution by the territorial body, in particular, of orders of the ministry, orders of the minister, his first deputy and deputies, orders of the central body of executive power, orders of the head of the central body of executive power;

submits to the minister, the head of the central executive body, proposals regarding the determination of priorities for the work of the territorial body and ways of fulfilling assigned tasks and submits work plans for approval;

reports to the minister, the head of the central executive body, the head of the higher-level territorial body regarding the implementation of assigned tasks and work plans.

Regarding the management of budget funds. The Budget Code of Ukraine establishes the powers of the key spending units, in particular:

to make decisions regarding the delegation of powers to implement the budget program by key spending units of a lower level and/or recipients of budget funds, to distribute and report the amounts of budget allocations to them;

to approve the budgets of key spending units of a lower level (plans for the use of budget funds of recipients of budget funds);

to organize and monitor the implementation of budget programs, evaluate their effectiveness;

to manage budget funds within the limits of the established budget powers, ensuring efficient, effective and targeted use of budget funds, organization and coordination of the work of lower-level key spending units and recipients of budget funds in the budget process;

to exercise control over the completeness of receipts, the assumption of budget obligations by key spending units of a lower level and recipients of budget funds and their spending of budget funds;

to ensure the organization and maintenance of accounting, preparation and submission of financial and budget statements in the manner established by law.

Additionally, the normative acts issued by the Ministry of Finance and executive authorities on the basis of and in compliance with the Budget Code of Ukraine, the Law of Ukraine “On Accounting and Financial Reporting in Ukraine” define the organization and maintenance of accounting, preparation and submission of reports, including by subordinate institutions to higher level institutions.

At the same time, in order to clarify questions regarding responsibility and accountability, the Ministry of Finance has developed amendments to the Basic Principles of Internal Control. These principles clarify issues regarding the delegation of authority, resources and obligations by the head of the higher level and the establishment of obligations regarding the responsibility and accountability of the heads of territorial bodies to the head of the higher level for the efficiency and effectiveness of their activities, the achievement of the established goal (mission), goals, objectives, plans and requirements. targeted and effective management of budget funds, objects of state (communal) ownership and other resources, including for the state of the organization and implementation of internal control and risk management.

• ***Are state-owned (including municipal enterprises) subject to robust governance arrangements by their “owner” first-level organisations?***

The main principles of internal control by key spending units define that the head of the institution organizes and ensures the implementation of internal control, including in accordance with legislative acts regulating the management of state-owned objects and other resources, while such a manager is responsible and accountable for ensuring legal, economical, efficient, effective and transparent management of state-owned objects and other resources.

The Law of Ukraine “On the Management of State-Owned Objects” specifies that ministries and other bodies of executive power exercise, in particular, the following powers:

approve the statutes (regulations) of enterprises, institutions and organizations belonging to the sphere of their management and exercise control over their compliance;

appoint and dismiss managers of state-owned enterprises, conclude and terminate contracts with them, monitor compliance with the requirements stipulated in the contract;

make decisions in the cases defined by the laws of Ukraine on granting consent for the state enterprise to commit an economic obligation or on refusing to grant such consent and bear the established responsibility for making such decisions;

approve the owner's letter of expectations, which contains short- and medium-term financial, operational and non-financial goals of the state enterprise, which are determined taking into account the strategic development plans of such enterprises, and which are subject to publication;

approve the strategic development plan, annual financial plan, annual investment plan, medium-term investment plan of state-owned enterprises and monitor their implementation in the prescribed manner;

monitor financial activity, in particular, the performance of indicators of financial plans of enterprises and take measures to improve their work;

ensure annual independent audits of financial statements of state-owned enterprises by the subject of audit activity. In the event of a change in the head of a state-owned enterprise, the authorized management body has the right to initiate an independent audit or a state financial audit of the activities of such an enterprise;

keep records of state-owned objects under their management, monitor the effective use and preservation of such objects;

provide the central body of executive power, which ensures the formation and implementation of state policy in the sphere of management of state-owned objects, with information on: financial and economic activity of each individual business entity of the state sector of the economy, which is in the sphere of its management; the state of state-owned objects, in particular the state's corporate rights, which are under its management; concluded contracts with managers of economic entities of the state sector of the economy;

ensure compliance with the legislation of the constituent documents and internal regulations of state-owned enterprises;

ensure inventory of property of state enterprises, institutions, organizations;

ensure environmental audit of state enterprises;

organize control over the use of leased state property;

carry out assessment of fiscal risks of economic entities of the state sector of the economy, which belong to the sphere of their management.

Also, state financial control bodies, in cases of detection of abuses and violations of current legislation, notify the bodies authorized to manage state property, so that they can take appropriate measures.

In the reporting information on the state of the organization and implementation of internal control for the year 2023, 98% of institutions noted that they ensure the proper level of management of state-owned objects and other resources on their balance sheet, as well as the introduction of appropriate control measures in the management process specified objects and resources.

The indicator in the reported information for 2022 about the introduction of control measures at the appropriate level was 93%. The reporting information on the state of operation of the PIFC for 2023, including on internal control, are published on the official website of the Ministry of Finance.

Also, the Ministry of Finance has developed amendments to the Basic principles of internal control, with the aim of clarifying issues regarding managerial responsibility and accountability in the process of managing state-owned objects and other resources.

This concerns the delegation of powers and resources by the head of the authorized management body and the establishment of obligations for responsibility and accountability of the heads of enterprises, institutions and organizations before the head of the authorized management body for the efficiency and effectiveness of

activities, achievement of the established goal (mission), goals, objectives, plans and requirements, targeted and effective management of budget funds, state (communal) property and other resources, including the state of organization and implementation of internal control and risk management.

● ***Do internal control procedures in public institutions***

- ***respond to identified risks;***
- ***make responsibilities within the organisation clear;***
- ***ensure that policy proposals initiated by the institution include an estimate on budgetary costs;***
- ***make calculated choices between alternative ways to achieve objectives;***
- ***keep financial commitments within budget limits;***
- ***ensure that the use of financial resources, e.g. through procurement operations or human resource costs, is in accordance with the existing budget;***
- ***enable detection and reporting of irregularities (both for national and Instrument for Pre-accession Assistance funds);***
- ***allow an audit trail of key financial decisions, including those relevant to Instrument for Pre-accession Assistance-funded programmes?***

Part 3 of Article 26 of the Budget Code of Ukraine establishes that key spending units, represented by their managers, organize internal control and internal audit and ensure their implementation in their institutions and enterprises, in institutions and organizations belonging to the sphere of their management.

Internal control is a set of measures applied by the manager to ensure compliance with the legality and efficiency of the use of budget funds, achieving results in accordance with the established goal, tasks, plans and requirements for the activities of the manager of budget funds and enterprises, institutions and organizations belonging to the sphere of his management.

The basic principles of internal control by key spending units stipulate that the head of the institution organizes and ensures the implementation of internal control in accordance with these basic principles and legislative acts that regulate all issues related to the functioning of the institution .

In particular, in the institution:

the manager ensures a clear division of duties, powers and responsibilities between his deputies, lower-level managers and employees;

processes, operations, structures and distribution of powers for their implementation are determined, aimed at ensuring the institution's performance of tasks and functions and achievement of established goals (missions), strategic and other goals, plans and requirements for its activities;

management actions (control measures) are introduced, which are carried out by the management and employees of the institution to influence risks in order to achieve the goals (missions), strategic and other goals, tasks, plans and requirements for the institution's activities determined by the institution;

systems (procedures) for activity planning, monitoring of their implementation and reporting on the implementation of plans, tasks and functions, assessment of achieved results and, if necessary, timely adjustment of the institution's activity plans are introduced;

execution of plans, tasks and functions, internal documents by the management and employees of the institution, informing the management of the institution about the risks that arise during the performance of the tasks and functions assigned to them, taking control measures, carrying out monitoring, exchanging information;

to respond to identified risks, control measures are implemented:

authorization and confirmation procedures are established (in particular, obtaining the permission of responsible officials to perform operations through visa, approval, approval of documents);

responsibilities are delineated between employees to reduce the risk of making mistakes or illegal actions and to detect such actions in a timely manner; control over access to tangible and intangible resources, accounts; protection of IT systems is ensured;

the rules and requirements for carrying out transactions and control over the legality of their execution, etc. are determined.

Regarding ensuring that policy proposals include an estimate of budget expenditures. Article 27 of the Budget Code of Ukraine establishes that each draft law submitted to the Verkhovna Rada of Ukraine is sent to the Cabinet of Ministers of Ukraine for examination regarding its impact on budget indicators and compliance with laws regulating budgetary relations.

The Cabinet of Ministers of Ukraine submits to the Budget Committee of the Verkhovna Rada of Ukraine an expert opinion of the Ministry of Finance of Ukraine regarding the completeness and reliability of the data presented in the financial and economic justification, the impact of the draft law on the budget indicators (with a mandatory determination of the value of such impact), the possibilities of financial support in the corresponding budget period, in accordance with the laws regulating budget relations.

Also, the Regulations of the Cabinet of Ministers of Ukraine, approved by Resolution No. 950 of the Cabinet of Ministers of Ukraine dated July 18, 2007, determine that if the implementation of a draft law or Government act requires funding from the state or local budgets, the developer carries out the necessary financial and economic calculations according to the methodology approved by the Ministry of Finance.

The draft act is subject to mandatory approval by all relevant bodies, as well as the Ministry of Finance, the Ministry of Economy and the Ministry of Digital Transformation. During the approval of the project of the act, the Ministry of Finance processes the financial and economic calculations, prepared by the developer, of the impact of the implementation of the act on the receipts and expenses of the state and/or local budgets and draws up a corresponding conclusion.

Regarding the choice of ways to achieve goals. The legislation of Ukraine (in particular, the Budget Code of Ukraine, the Law of Ukraine “On Central Bodies of Executive Power”, Basic Principles of Internal Control by Administrator of Budget Funds does not establish strict frameworks for management activities. In order to make management decisions (including ensuring the achievement of goals), managers and employees of institutions are empowered to act under certain conditions at their own discretion within the limits of the law.

The activity of the authorities is based on the principles of the rule of law, ensuring the observance of human and citizen rights and freedoms, continuity, legality, ensuring the unity of state policy, openness and transparency, responsibility.

The right of state authorities to develop activity plans and determine directions for the use of budget funds in accordance with the legislation of Ukraine is also ensured.

Regarding obtaining financial obligations within the budget and ensuring the guarantee of the use of budget funds. The Budget Code of Ukraine and the Law on the State Budget of Ukraine for the relevant year authorize the manager of budget funds to receive budget assignments and make decisions regarding the delegation of authority to implement the budget program by key spending units of a lower level and/or recipients of budget funds.

In accordance with the budget assignment, budget allocations are granted to the key spending units (that is, the authority to make budget commitments and make payments, which has quantitative, time and target restrictions).

Budget obligation - any order placement, contract conclusion, purchase of goods, services, or other similar transactions made in accordance with the budget allocation during the budget period, according to which payments must be made during the same period or in the future.

The Budget Code of Ukraine establishes:

the principle of targeted use of budget funds - budget funds are used only for purposes determined by budget assignments and budget allocations;

the duty of key spending units to make budget commitments and make payments only within the limits of budget allocations;

the duty of key spending units to register taken budget commitments in the Treasury of Ukraine. When registering and accounting for budget obligations, a

check is made for the compliance of the directions of spending budget funds with the budget allocation, the passport of the budget program;

that key spending units, after receiving goods, works and services in accordance with the conditions of the budget commitment, make a decision on their payment and submit an order for payment to the Treasury of Ukraine;

obligations taken by a participant in the budget process without appropriate budget allocations or in excess of the powers established by the Budget Code and the Law on the State Budget of Ukraine are not considered budget obligations and are not subject to payment from budget funds. Taking such obligations is a violation of budget legislation. Budget expenditures to cover such obligations are not made.

The Treasury of Ukraine exercises control over the registration of budget commitments made by key spending units and the making of payments under these commitments, as well as over:

compliance of the budget commitments made by key spending units with the corresponding budget allocations and the passport of the budget program;

compliance of payments with budget commitments and corresponding budget allocations.

Also, the key spending units exercises control over the completeness of receipts, taking of budget obligations by key spending units of a lower level and recipients of budget funds and their spending of budget funds.

Each budgetary institution defines an accounting policy - a set of principles, methods and procedures used by the institution for accounting, preparation and presentation of financial statements. Budgetary institutions keep accounting in accordance with the national regulations (standards) of accounting in the public sector and other regulatory legal acts on accounting in accordance with the procedure established by the Ministry of Finance of Ukraine. All budget receipts and budget expenses are reflected in accounting. All accounting records are documented.

The chief accountant of the budgetary institution ensures the preparation and submission of financial (information about all conducted economic transactions that are reflected in accounting) and budget reporting (reflects the state of budget implementation). Reporting on the implementation of the State Budget of Ukraine is operational, monthly, quarterly and annual.

key spending units ensure the organization and maintenance of accounting, compilation, submission of financial and budget reports and availability of information about the budget.

Key spending units carry out a public presentation of information on the implementation of budget programs, including the achievement of state policy goals in the relevant field of activity within budget programs for the reporting budget period, and also publish on their official websites, in particular:

information about the goals of state policy in the relevant field of activity and indicators of their achievement within the budget programs for the reporting budget period;

reports on the implementation of passports of budget programs for the reporting budget period;

reports on the progress of implementation of state investment projects;

the results of evaluating the effectiveness of budget programs for the reporting budget period;

reports on reviews of state budget expenditures.

Regarding detection and reporting of violations. The Budget Code of Ukraine regulates relations, in particular control over compliance with budget legislation, and issues of responsibility for violations of budget legislation.

Control over compliance with budget legislation is aimed at ensuring effective and efficient management of budget funds and is carried out at all stages of the budget process by its participants, and also ensures:

assessment of the management of budget funds (including conducting a state financial audit);

correctness of accounting and reliability of financial and budget reporting;

achieving savings of budget funds, their targeted use, efficiency and effectiveness in the activities of key spending units by making well-founded management decisions;

conducting an analysis and assessment of the state of financial and economic activity of key spending units;

preventing violations of budget legislation and ensuring the interests of the state and territorial communities in the process of managing state and communal property objects;

reasonableness of budget planning of revenues and expenditures.

In particular, the powers of the Accounting Chamber, the Ministry of Finance of Ukraine, the Treasury of Ukraine, the state financial control bodies and the key spending units to monitor compliance with budget legislation are established.

The key spending units, in the person of the manager, forms an independent structural unit of internal audit, which is subordinate and directly accountable to such a manager, for the implementation of internal audit, which is aimed at improving the management system, internal control, preventing the facts of illegal, inefficient and ineffective use of budget funds, the occurrence of errors or other deficiencies in the activity of the key spending units and enterprises, institutions and organizations belonging to the sphere of his management, and which provides for the provision of independent conclusions and recommendations.

The decision to apply influence measures for violations of budget legislation is made by the Ministry of Finance of Ukraine, the bodies of the Treasury of Ukraine, the bodies of state financial control, the key spending units within the limits of their powers.

Based on the results of each quarter, the Accounting Chamber submits conclusions to the Verkhovna Rada of Ukraine on the state of implementation of the Law on the State Budget of Ukraine, as well as proposals to eliminate violations identified in the reporting budget period. The central executive body, which implements state policy in the field of state financial control, provides the Verkhovna Rada of Ukraine, the Cabinet of Ministers of Ukraine, and the Ministry of Finance of Ukraine with monthly reports on the generalized results of control over compliance with budget legislation.

Information on the results of monitoring compliance with budget legislation is made public by bodies authorized to monitor compliance with budget legislation, unless otherwise provided by law.

According to the decision of the head of the institution, the head of the internal audit unit or another structural unit of the institution provides information and/or transfer to law enforcement bodies of the materials of the internal audit, as a result of which signs of fraud, corruption offenses and offenses related to corruption, or misuse of budget funds are revealed, extravagance, abuse of official position and other violations of financial and budgetary discipline that led to losses or damages.

Also, in particular, the Accounting Chamber and state financial control bodies, in case of detection of signs of a criminal or administrative offense, inform the relevant law enforcement agencies about them.

In addition, the Law of Ukraine “On Central Authorities of Executive Power” stipulates that the head of the central body of executive power shall report to the minister, in particular, on the elimination of violations and deficiencies identified during inspections of the activities of the central body of executive power and its territorial bodies, as well as on the involvement of responsibility of officials guilty of committed violations.

Also, the laws of Ukraine “On civil service”, “On public procurement”, “On prevention of corruption”, etc. define the mechanisms and tools of prevention, prevention, detection and notification of violations in the relevant activity.

• If a centralised budget inspection function has been set up, is it regulated in a way that ensures that it is concerned with compliance, it is based on complaints and clear indication of irregularities, it focuses on potential risks of fraud, corruption or major financial abuse and does not duplicate with the objective of internal audit?

Demarcation of inspection and internal audit activities is ensured both by legislation and in practice.

In particular, the inspection function in the form of an audit is performed by the State Audit Service and its interregional territorial bodies in accordance with the granted powers. The audit ensures the detection of facts of violations of the legislation of the financial and economic activity of the object of control, the establishment of officials and materially responsible persons who are guilty of their admission. According to the results of the audits, managers and other persons of control objects are presented with mandatory requirements to eliminate the detected violations; financial sanctions are imposed for violations of budget legislation, guilty persons are brought to justice, the transfer of audit materials to law enforcement agencies is ensured for making appropriate decisions.

According to the provisions of clauses 7 and 7-1 of the Procedure for planning measures of state financial control by state financial control bodies, approved by the Resolution of the Cabinet of Ministers of Ukraine dated August 08, 2001 № 955, the appeal of law enforcement agencies, legal entities and individuals is one of the main grounds for including inspection measures (revisions) to plans for state financial control measures of the State Audit Service, including for identified high-risk transactions regarding the use of state resources. Such information, in particular, is obtained from publicly available information sources, media, etc.

Also, the State Audit Service, in accordance with the provisions of Article 8 of the Law of Ukraine "On the Basic Principles of State Financial Control in Ukraine", examines letters, statements and complaints from citizens about violations of legislation on financial matters. Appeals reporting theft, embezzlement, shortages, and other offenses are immediately forwarded to law enforcement agencies for decision-making in accordance with the law.

Internal audit units, formed in the structures of state bodies as independent structural units, ensure the implementation of internal audit, based on the results of which the head of the state body is provided with conclusions and recommendations regarding the functioning of the internal control system and its improvement; improvement of the management system; prevention of illegal, inefficient and ineffective use of budget funds and other assets; prevention of errors or other deficiencies in the activities of the state body.

Internal audit practice

● *Does the internal audit legislation define operational arrangements for internal audit, including the level of decentralisation, minimum audit unit staffing requirements and standards to be used; as well as independence, contents of audit charters, planning requirements and freedoms, reporting arrangements, codes of ethics, certification arrangements, and continuous professional development?*

The national legislation in the field of internal audit fully defines the appropriate mechanisms, which is confirmed by the results of the evaluation conducted by the experts of the SIGMA Program as part of the assessment of the

state of affairs in the public administration system of Ukraine in 2023 (the adequacy of the legal framework in the field of internal audit was rated at 4 (of 5)).

General requirements for the organization and provision of internal audit by key spending units are defined by Article 26 of the Budget Code of Ukraine, which is specified in by-laws.

In particular, the Procedure for Internal Audit and the Formation of Internal Audit Units, defines the mechanism for the formation of internal audit structural units, the rights and duties of internal auditors, requirements to ensure the independence of internal audit units, compliance with internal audit standards, the code of ethics, the mechanism of planning, reporting, certification of internal auditors, regulates other issues of internal audit activities.

In order to ensure the effective functioning of internal audit in state bodies, internal auditors in their activities are guided by the national Standards of Internal Audit, which are coordinated with international standards (International Standards of Professional Practice of Internal Audit, developed by the Institute of Internal Auditors (IIA)) and determine unified approaches to conduct internal audit activities, as well as to assess the quality of such an audit.

To spread ethical culture in the profession of internal audit, the Ministry of Finance has developed the Code of Ethics for employees of the internal audit unit, which declares in principle the system of moral and professional values and rules of conduct for employees of the internal audit unit.

The mechanism of organization, conduct, registration and implementation of the results of the evaluation of the functioning of the internal audit system carried out by the Ministry of Finance is regulated by the Procedure for the evaluation of the functioning of the internal audit system by the Ministry of Finance of Ukraine.

The issue of drawing up and submitting reports to the Ministry of Finance by state bodies on the results of the activities of internal audit units is regulated by the order of the Ministry of Finance of March 27, 2011 № 347 “On the approval of reporting form № 1-DVA “Report (combined report) on the results of the activities of the internal audit unit”, explanatory note to report (combined report) and instructions on their preparation and submission”.

The issue of certification of employees of internal audit units of state bodies is regulated by the Procedure for certification of employees of internal audit units, which defines:

the stages of certification of employees of the internal audit unit;

the approaches to the formation of the Certification Commission and its powers; modules of the recommended program for training employees of internal audit divisions for certification;

the procedure for conducting the qualification exam and determining its results; form of internal auditor's certificate; requirements for professional development by certified internal auditors.

• *Are all public sector organisations required by legislation to establish an internal audit function? If not, which are the criteria which allow those organisations not to do so?*

In accordance with the third part of Article 26 of the Budget Code of Ukraine, key spending units, represented by their managers, organize internal control and internal audit and ensure their implementation in their institutions and enterprises, in institutions and organizations belonging to the sphere of management of such key spending units.

To carry out an internal audit, the manager of budget funds in the person of the manager forms an independent structural division of internal audit, which is subordinated and accountable directly to this manager.

The requirements of Article 26 of the Budget Code of Ukraine apply to budget spending units of all levels (key budget spending units and lower-level budget spending units, both in relation to the state and local budgets).

In particular, an internal audit unit should be established as an independent subdivision in the authority to carry out internal audit. By decision of the head of the authority, internal audit units could be established in its territorial authorities and budgetary institutions that belong to the management of the authority, within the limits of the staff number of their employees.

The recommended lists of structural units provide for the establishment of internal audit units in regional, Kyiv and Sevastopol City State Administrations, as well as in District, and in the Cities of Kyiv and Sevastopol State District Administrations (Annex 1 and Annex 2 to the Resolution of the Cabinet of Ministers of Ukraine dated April 18, 2012 № 606 “On Approval of the Recommendation Lists of Structural Units of Regional, Cities of Kyiv and Sevastopol, District, and Kyiv and Sevastopol State District Administrations”).

Local self-government authorities, in accordance with the powers defined by law to independently approve their own organizational structures, independently decide on the establishment of internal audit units.

• *How can those organisations, which are not required to establish their own internal audit function, access internal audit services?*

The requirements of Article 26 of the Budget Code of Ukraine (in particular, regarding the organization of internal audit by spending units of budget funds represented by their heads and ensuring its implementation in their institutions and enterprises, in institutions and organizations belonging to the sphere of management of such spending units of budget funds) apply to spending units of budget funds of all levels - key spending units of budget funds and lower-level spending units of budget funds, both in respect of the state and local budgets.

• *What percentage of those institutions which are required by legislation to*

establish an internal audit function, have set it up in line with the legal requirements?

All authorities that, in accordance with the Procedure for Internal Audit and Establishment of Internal Audit Units are required to establish internal audit units and coordinate their activities with the Central Harmonisation Unit of the Ministry of Finance (CHU), including by submitting copies of the activity plans and reports on the results of the internal audit units, have established such units.

In particular, according to the submitted reports, as of December 31, 2023, internal audit units (or corresponding positions) were established in the offices of all 125 state authorities. In addition, taking into account the requirements of the Procedure for Internal Audit and Establishment of Internal Audit Units, internal audit units were established in 154 territorial authorities and 144 subordinate budgetary institutions in the system of 40 state authorities.

In total, as of December 31, 2023, 423 internal audit units were functioning (established) in the system of state authorities.

At the same time, in the course of 2023, in the system of the vast majority (92%) of state bodies, the implementation of the internal audit function in practice, the implementation of internal audits and the overall effectiveness of such activities was ensured, and in 10 bodies (8%) organizational measures were taken to fill the positions of internal auditors to ensure the practical implementation of the function (it should be noted that the specified 10 bodies account for a small share (about 0.06%) of state budget expenditures).

And the reporting information on the state of operation of the PIFC for 2023, including the internal audit, are published on the official website of the Ministry of Finance.

Is there a certification scheme for internal auditors? If yes, what are the arrangements for managing it? Does the scheme work in practice? Is there funding available for the scheme in the short to medium term?

In accordance with the Procedure for Certification of Employees of Internal Audit Units by the Ministry of Finance in 2023 and the 1st quarter of 2024, implementation of measures to introduce and conduct national certification of internal auditors of state bodies was ensured, namely:

a number of meetings of the Certification Commission were held, a general list of questions for the qualification exam, a list of normative legal acts and recommended literature for preparation for the qualification exam were developed and approved;

283 packages of documents for registration for certification submitted by employees of internal audit units of state bodies were processed (163 in 2023, 120 in the 1st quarter of 2024),

developed and conducted a training course according to the Recommended program for training internal auditors for certification;

11 qualifying exams were conducted, including 8 exams in 2023 and 3 exams in 2024 as part of the remedial examination.

Currently, measures are being taken to conduct the certification of internal auditors for candidates to receive a certificate who registered in the 1st quarter of 2024, in particular, training is being conducted according to the Recommended Program for the Training of Internal Auditors, and preparation for the qualification exams is being conducted.

Certification is free of charge for employees of internal audit divisions of state bodies. Funding for the implementation of measures within the framework of the certification of employees of the internal audit units of state bodies is carried out at the expense and within the limits of the expenditures provided for in the state budget to ensure the performance of the functions and tasks assigned to the Ministry of Finance for the relevant year.

• Do internal auditors have access to further internal audit training once certified? How is this training provided and funded? How many internal auditors in the public sector have an international audit certificate?

Internal auditors of state bodies have access to further internal audit training after certification.

Professional training of employees of internal audit units of state bodies is provided within the framework of obtaining free services in the field of professional training of civil servants, the provision of which is coordinated by the National Agency of Ukraine for Civil Service. The training of employees of the internal audit units of state bodies is carried out by educational institutions, institutions, and organizations that have the right to provide relevant educational services and is carried out at the expense of state and local budgets, other sources not prohibited by law.

In addition, as part of cooperation with international partners (in particular, with the National Academy of Finance and Economics of the Ministry of Finance of the Kingdom of the Netherlands, the EU4PFM Project), the Ministry of Finance regularly organizes webinars, round tables, conferences, and professional training for internal auditors based on developed training programs qualifications, in particular: in 2023, 5 training events were held (for a total of 392 participants); in the 1st quarter of 2024 – the conference “State internal financial control: development prospects” (with the participation of more than 130 people) and certification training (for more than 130 internal auditors).

Currently, among the employees of the internal audit units of state bodies, there are no employees who have a certificate of internal auditor (Certified Internal Auditor, (CIA)) or a certificate of a government professional auditor (Certified

Government Auditing Professional (CGAP)), issued by the International Institute of Internal Auditors.

● ***How many certified internal auditors are in the public sector overall and how many work in Internal Audit functions?***

As of April 1, 2024, according to the Register of Certified Internal Auditors, which is published on the official website of the Ministry of Finance, 36 employees of the internal audit divisions of state bodies received an internal auditor certificate as a result of successful certification.

All internal auditors who received an internal auditor certificate are employees of the internal audit units of state bodies.

● ***What types of audits are performed by internal audit units (e.g. financial audits, compliance audits, systems-based audits, IT and performance audits)?***

Internal audit units, in accordance with the tasks assigned to them, in particular, conduct an assessment of:

effectiveness of the functioning of the internal control system; the degree of fulfillment and achievement of goals defined in strategic and annual plans;

effectiveness of planning and implementation of budget programs and the results of their implementation, management of budget funds; the quality of the provision of administrative services and the performance of control and supervisory functions, tasks defined by legislative acts; use and preservation of assets;

reliability, efficiency and effectiveness of information systems and technologies;

management of state property;

correctness of accounting and reliability of financial and budget reporting;

risks that negatively affect the performance of functions and tasks of the state body, its territorial bodies, enterprises, institutions and organizations belonging to the sphere of its management.

Given the above, internal audit units, in accordance with their mandate, conduct various types of audits, including so-called compliance audits, performance audits, and IT audits.

At the same time, one of the measures of the Strategy for Public Finance Management System Reform is the reorientation of internal audit activities to performance evaluation.

Accordingly, the share of efficiency audits is constantly growing, and in 2023, such audits made up the majority of the activities of internal audit divisions - the share of efficiency assessment audits in the total number of planned ones was 51.3 percent.

The direction of IT audits is also developing - in 2023, the share of planned audits to assess the reliability, efficiency and effectiveness of information systems and technologies (IT audits) was 2.4 percent of the total number.

The rest of the internal audits performed are compliance audits and/or financial audits.

And the reporting information on the state of operation of the PIFC for 2023, including the internal audit, are published on the official website of the Ministry of Finance.

• *Do any internal auditors perform other functions beside internal audit?*

According to Resolution № 1001 and national Internal Audit Standards, the head of a state body must ensure the functional independence of internal audit.

Compliance with these requirements is monitored by the CHU, in particular, during the analysis of the annual report on the results of internal audit activities and during the external assessment of the quality of the internal audit.

In practice, most state bodies ensure compliance with the specified provisions regarding the functional independence of internal audit.

At the same time, there are cases of deviations from the established requirements. Thus, in 2023, such cases (facts of reliance on internal audit units for certain non-inherent functions and/or their participation in control measures not related to the implementation of internal audit) took place in the system of 37 state bodies (or 29.6 percent).

The Ministry of Finance informs the Government (in the annual report on the state of PIFC) about the facts of internal audit units' performance of non-essential functions, and also provides relevant recommendations to ensure the functional independence of internal audit.

In this direction, there is a constant positive trend towards a decrease in the number of state bodies, in the system of which it is allowed to violate the requirements for functional independence.

And the reporting information on the state of operation of the PIFC for 2023, including the internal audit, are published on the official website of the Ministry of Finance.

• *Do strategic and annual internal audit plans exist in those institutions that have an internal audit function?*

Starting from 2023, the internal audit units will ensure the formation and approval of one internal audit activity plan (instead of two separate - strategic and operational internal audit activity plans, which were drawn up during 2019 - 2022).

At the same time, such a plan includes the strategic aspect (the priorities and results of the internal audit unit for the next three years are determined) and the operational aspect (the tasks of the internal audit unit for the next calendar year are determined annually, taking into account the determined priorities and results).

In particular, in accordance with the requirements of Clause 6 of Order № 1001 and the National Standards of Internal Audit, the internal audit unit ensures the formation of an internal audit activity plan based on the results of risk assessment in order to determine the priorities and results of the work of the internal audit unit for the next three years, which must take into account the strategy (priorities) and goals of the institution. In the plan, the tasks of the internal audit unit for the next calendar year are determined each year, taking into account the identified priorities and the results of the internal audit unit's activities for the corresponding three-year period.

● ***Is there a procedure for consultation/submission of internal audit reports?***

The National Internal Audit Standards provide for the discussion of the draft audit report with the persons responsible for the activity to provide additional assurance regarding the accuracy and objectivity of the information. Based on the results of such a discussion, corrections may be made to the draft audit report.

After making (if necessary) corrections, the audit report is signed by the head of the audit group or the head and members of the audit group and handed over to the persons responsible for the activity. If, based on the results of reading the audit report, the person responsible for the activity does not agree with the conclusions and/or recommendations, he provides the head of the internal audit unit with reasoned comments under his signature. The head of the internal audit unit considers such comments and provides written conclusions to the person responsible for the activity.

The head of the internal audit unit submits the signed audit reports to the head of the state body. Based on the results of consideration of audit reports, comments, conclusions on them (if available) and recommendations, the head of the institution makes a decision on the acceptance of audit recommendations by the persons responsible for the activity.

● ***How is quality assurance of internal audit carried out?***

The requirements for ensuring and improving the quality of internal audit are determined by Order № 1001 and the national Internal Audit Standards. Ensuring and improving the quality of internal audit is carried out by conducting internal and external assessments of the quality of internal audit and implementing measures based on their results.

Internal quality assessment is carried out by the head of the internal audit unit and involves constant monitoring of internal audit activities and periodic (at least

once a year) evaluations of internal audit activities. Internal quality assessment should cover all aspects of internal audit activities.

Also, the head of the internal audit unit annually prepares a program for ensuring and improving the quality of internal audit, which is approved by the head of the institution. The purpose of such a program is the continuous development, improvement of the internal audit unit's activities and increasing the effectiveness of the implementation of the internal audit function.

According to the reporting data, in 2023, in most state bodies, an internal assessment of the quality of internal audit was carried out both through constant monitoring of internal audit activities and through periodic evaluations of internal audit activities, as well as the drafting of programs for ensuring and improving the quality of internal audit.

External assessment of the quality of internal audit is carried out by the CHU by conducting an assessment of the functioning of the internal audit system in accordance with the approved procedure. The subject of evaluation of the functioning of the internal audit system is the planning, organization and implementation of such an audit, monitoring of the consideration of recommendations based on the results of its implementation, compliance by officials of divisions with the requirements of internal audit standards and other regulatory legal acts on relevant issues. The Ministry of Finance provides the head of the state body with recommendations for its improvement based on the results of the assessment of the functioning of the internal audit system.

In 2023, the Ministry of Finance completed four evaluations of the functioning of internal audit systems (external quality evaluations), and two more such evaluations began (one completed in March 2024 and one ongoing). In order to ensure proper implementation of the internal audit function, based on the results of external quality assessments, the Ministry of Finance in 2023 provided state bodies with 172 recommendations for improving internal audit systems, of which 128 recommendations (74 percent of those provided) have been implemented (fully or partially).

The reporting information on the state of operation of the PIFC for 2023, including on the internal audit and activities of the CHU, are published on the official website of the Ministry of Finance.

• *Is there a systematic monitoring/follow-up procedure to ensure that agreed internal audit recommendations are implemented?*

In accordance with Order № 1001, the head of the state body ensures the timely review of audit reports and recommendations and the adoption of appropriate response measures based on the results of internal audits.

The internal audit unit ensures monitoring of the results of the implementation of audit recommendations, in particular to make sure that the persons responsible for

the activity have started effective actions aimed at their implementation. Such monitoring involves the implementation of measures by employees of the internal audit unit to obtain information from the persons responsible for the activity about the results of the implementation of audit recommendations.

Monitoring of the implementation of audit recommendations is carried out by internal audit units both in the reporting year and in subsequent reporting periods (until the recommendations are fully implemented). The head of the internal audit unit reports on the results of the implemented recommendations to the head of the state body at least once a year.

In general, state bodies ensure the implementation of the results of internal audits in practice and the implementation of measures to implement audit recommendations, which is confirmed, in particular, by the reporting data of the internal audit units of state bodies. Strengthening control over the response to recommendations provided as a result of internal audits is also provided for in the Strategy for Public Finance Management System Reform.

In 2023, the level of implementation of the provided audit recommendations (in full or in part, without taking into account the recommendations for which the deadline for implementation has not arrived) increased and in general in the system of state bodies amounted to 88.9%. In particular, according to the results of audits, in 2023, a total of more than 12,400 recommendations were provided, of which more than 8,200 recommendations were fully or partially fulfilled/implemented. In addition, in 2023, more than 2,400 recommendations from internal auditors in previous reporting years were fulfilled /implemented.

The reporting information on the state of operation of the PIFC for 2023, including the internal audit, are published on the official website of the Ministry of Finance.

Central Harmonisation Unit (CHU)

• Has a CHU (or CHUs) been designated/established to coordinate and set common standards for financial management and control and internal audit activities in the public sector?

In accordance with the third part of Article 26 of the Budget Code of Ukraine and the Regulation on the Ministry of Finance of Ukraine, approved by Resolution № 375 of the Cabinet of Ministers of Ukraine dated August 20, 2014, the organizational and methodological principles of internal control and internal audit are determined by the Ministry of Finance, which ensures the formation and implementation of state policy in the field of the PIFC, including evaluation of the functioning of internal control and internal audit systems.

In order to ensure the implementation of the relevant powers, a separate structural unit was formed in the Ministry of Finance - the Department of Harmonization of Public Internal Financial Control (CHU).

The Regulations on the Department for the Harmonisation of Public Internal Financial Control, approved by Order of the Ministry of Finance № 301 dated July 12, 2019 (as amended by Order of the Ministry of Finance № 593 dated October 25, 2023), define the main tasks of the CHU, in particular, to ensure the formation and implementation of the state policy in the field of PIFC by the Ministry of Finance; to harmonize internal control and internal audit; to assess the functioning of internal control and internal audit systems; to coordinate the activities of internal audit units.

In accordance with the main tasks of the CHU, in particular:

to define organizational and methodological principles of the PIFC;

to prepare proposals for determining the strategy for the development of state policy in the field of PIFC;

to develop and ensures the implementation of organizational measures aimed at implementing the PIFC development policy;

to develop and improves legal acts regulating relations in the field of PIFC, as well as methodological documents and materials on internal control and internal audit;

to conduct training events, seminars, conferences, briefings, roundtable meetings, and working meetings on internal control and internal audit;

to assess the functioning of the internal control system in state authorities;

to evaluate the functioning of the internal audit system (external assessment of the quality of internal audit) in state authorities and monitors the implementation of recommendations for improving the internal audit system provided by the Ministry of Finance based on the results of the external assessment of the quality of internal audit;

to coordinate (monitors and analyzes) the activities of internal audit units in state authorities, including the analysis of internal audit plans, internal documents, internal audit materials of state authorities and provides recommendations to state authorities on improving the internal audit system;

to prepare and submit to the Cabinet of Ministers of Ukraine information on the state of functioning of the PIFC (including on the basis of generalized reporting information of state authorities on the state of organization and implementation of internal control, results of the internal audit units) with relevant proposals aimed at developing the PIFC system, proper organization and functioning of internal control and internal audit, and full implementation of the defined regulatory and methodological principles of internal control and internal audit.

The CHU consists of four departments: the Internal Control Harmonisation Division, the Internal Audit Harmonisation Division, the Internal Control and Internal Audit System Assessment Division, and the Internal Audit Unit Coordination Division. The Regulations on the divisions were approved by the Order of the Ministry of Finance № 302 dated July 12, 2019.

• *Does the CHU have a comprehensive legal basis that defines its tasks and responsibilities?*

In accordance with the third part of Article 26 of the Budget Code of Ukraine and the Regulation on the Ministry of Finance of Ukraine, approved by Resolution № 375 of the Cabinet of Ministers of Ukraine dated 20.08.2014, the organizational and methodological principles of internal control and internal audit are determined by the Ministry of Finance, which ensures the formation and implementation of state policy in the field of the PIFC, including evaluation of the functioning of internal control and internal audit systems.

In order to ensure the implementation of the relevant powers, a separate structural unit was formed in the Ministry of Finance - the Department of Harmonization of Public Internal Financial Control (CHU).

The Regulation on the Department of Harmonization of Public Internal Financial Control provides for an exhaustive list of the main tasks and functions, in particular, regarding ensuring the formation and implementation of state policy by the Ministry of Finance in the field of Public Internal Financial Control; implementation of harmonization of internal control and internal audit; assessment of the functioning of internal control and internal audit systems; coordinating the activities of internal audit units.

• *Does the CHU have sufficient staff and administrative capacity?*

The official and actual number of employees of the CHU is 17 employees in four units (the internal control harmonization unit, the internal audit harmonization unit, the internal control and internal audit systems functioning assessment unit, the internal audit division coordination unit).

The vast majority of CHU employees (12 out of 17, or 71%) have been working since the creation of the Department of Harmonization of Public Internal Financial Control within the structure of the Ministry of Finance and have sufficient knowledge and experience in the field of internal control and internal audit. Other employees have significant work experience in internal audit units of state bodies (from 6 to 10 years), other areas of activity.

• *Does the CHU have a track record of operations over a period of time?*

In accordance with the main tasks of the CHU, in particular, it ensures the development and improvement of regulations, methodological documents and materials on internal control and internal audit, assesses the functioning of the internal control system in state authorities, evaluates the functioning of the internal audit system in state authorities, and coordinates (monitors and analyzes) the activities of internal audit units of state authorities.

At the same time, the Cabinet of Ministers of Ukraine is informed on an annual basis about the functioning of the PIFC in state authorities.

The relevant information is prepared by the CHU on the basis of reporting data (information) submitted by state authorities concerning the organization and implementation of internal control, the results of the activities of internal audit units, as well as the results of processing other information from public authorities (in particular, internal audit plans).

Based on the results of the analysis of such information, the Cabinet of Ministers of Ukraine is provided with proposals aimed at developing the PIFC system, proper organization and functioning of internal control and internal audit, and full implementation of the defined regulatory and methodological framework for internal control and internal audit.

The Cabinet of Ministers of Ukraine gives relevant instructions to the key spending units and other key spending units, in particular, to ensure the proper organization of internal control and internal audit, to take measures to eliminate the identified shortcomings and prevent them in the future (in particular, the instructions of the Cabinet of Ministers of Ukraine of April 05, 2021 № 13901/1/1-21, of April 03, 2023 № 9418/1/1-23 and of April 12, 2024 № 10305/1/1-24 to the letters of the Ministry of Finance of March 30, 2021 № 33030-07-3/10350, of March 29, 2023 № 33030-07-3/8498 and of March 29, 2024 № 33030-07-3/10727).

In addition, the CHU cooperates with international institutions on the development of the PIFC system (including internal control, internal audit and the activities of the CHU). Within the framework of such cooperation, international experience in the functioning of the PIFC system is studied (in particular, the methodology and practice of internal control and internal audit) and proposals are made on the application of international experience in the practical activities of state authorities.

• *Does the CHU ensure an annual review of quality of financial management and control and internal audit activity in the public sector, including assessment of strengths and weaknesses and indicators of progress on implementation against the strategy action plan?*

CHU annually conducts an analysis of the functioning of internal control and internal audit in state bodies (in particular, based on the results of processing reports received from state bodies on the state of the organization and the implementation of internal control, reports on the results of internal audit units, activity plans for internal audit, results of external quality assessments, other information). It also determines the current state and main trends of the operation of the PIFC in the reporting period, including the identification of positive trends and existing shortcomings, as well as the state of implementation of the measures provided for by the Strategy for Public Finance Management System Reform in the Part of the PIFC

The relevant information with recommendations and proposals for improving the organization and implementation of internal control and internal audit is reflected

in the annual report on the state of operation of the PIFC which is submitted to the Minister of Finance and the Cabinet of Ministers of Ukraine by April 1.

In addition, the monitoring of the reform implementation process and the evaluation of the effectiveness of the implementation of the Strategy for Public Finance Management System Reform under the direction of the PIFC are also carried out as part of the general quarterly and annual monitoring of the implementation of the mentioned Strategy. Details in the “Strategic basis” block.

• *Is the annual review published and presented to discussion of the government? Does the CHU prepare a self-assessment on its own activities as part of the annual review?*

Reporting information on the state of operation of the PIFC with relevant recommendations and proposals for improving the organization and implementation of internal control and internal audit is provided to the Minister of Finance and the Cabinet of Ministers of Ukraine every year (by April 1). This reporting information also contains a separate block on the activities of the CHU and the planned activities for the further development of the PIFC.

Based on the results of the examination of the specified report, the Cabinet of Ministers of Ukraine issues appropriate instructions to the heads of state authorities, taking into account the recommendations and proposals of the Ministry of Finance regarding the improvement of the organization and implementation of internal control and internal audit. State bodies report on the results of the implementation of the specified recommendations and proposals, and the Ministry of Finance monitors their implementation.

For example, the reporting information on the state of the PIFC for 2022 and relevant proposals was submitted to the Cabinet of Ministers of Ukraine on March 29, 2023. Based on the results of consideration of the specified letter of the Ministry of Finance, the Government instructed state bodies to ensure the proper organization of internal control and internal audit, to take measures to eliminate the identified deficiencies and prevent them in the future (CMU resolution dated April 4, 2023). The Ministry of Finance monitored the state of implementation of the above government mandate by state bodies and prepared information on measures taken by state bodies regarding the proper organization and implementation of internal audit, which was sent to the Government on June 30, 2023.

Reporting information on the state of operation of the PIFC for 2023 and relevant proposals was submitted to the Cabinet of Ministers of Ukraine on March 29, 2024.

Based on the results of consideration of the letter of the Ministry of Finance, the Government issued a resolution to the key spending units and other spending units of budget funds to ensure the proper organization and implementation of internal control and internal audit (taking into account 1) the proposals of the Ministry of Finance, 3) recommendations of the European Commission, presented

in the Report on the progress of Ukraine within the framework of the European Union Enlargement Package of the 2023, 3) as well as the conclusions of the SIGMA Program based on the assessment results of the affairs in the state administration system of Ukraine) and take measures to eliminate the identified shortcomings, their prevention in the future (order of April 12, 2024 № 10305/1/1-24).

The annual reporting information on the state of development of the PIFC is also published on the website of the Ministry of Finance.

The reporting information on the state of operation of the PIFC for 2023 are published on the official website of the Ministry of Finance.

• Does the CHU act primarily in its intended role as provider of methodological guidance and coordinator of development of financial management and control and internal audit in the public sector or does the CHU focus substantial staff time on training activities?

CHU ensures the implementation of powers, in particular, in terms of methodological guidance/support for both internal auditors and for raising awareness of internal control of managers and employees at all levels of the public sector, through the development of a methodological framework that takes into account the best European practices and supports proper development of internal control and internal audit in Ukraine (for example, CHU has generally developed and disseminated 7 manuals on financial management and control/internal control and 12 manuals on internal audit).

In order to clarify the developed methodology, as well as to support the professional development of internal auditors, CHU regularly implements (organizes and conducts) relevant educational events (conferences, webinars, trainings) within the framework of the professional development program of internal auditors. Also, on an ongoing basis, appropriate training activities on internal control issues are implemented for heads of all equal ministries, other central executive bodies, which cover the entire range of issues related to the development of financial management and control.

CHU pays attention to the development of its own professional capabilities, in particular, through continuous professional development, self-education and participation of its employees in professional organizations/associations. In particular, all CHU employees constantly improve their qualifications by participating in PEM PAL IACOP Internal Audit Community of Practice meetings, in training events organized by the EU4PFM and SURGe projects, SIGMA, Deloitte, IIA (3 employees are members of the International Institute of Internal Auditors), PwC Academy.

Cooperation is also carried out regarding the further development of the PIFC in Ukraine with the technical support project of the National Academy of Finance and Economics of the Ministry of Finance of the Kingdom of the Netherlands, the

EU4PFM, the project “Supporting public expenditures to ensure the capacity for sustainable public administration in Ukraine” (PEACE) on order of the United States Agency for International Development (USAID), as well as the international technical assistance project SOERA.

• *Does the CHU play a key role in the coordination between PIFC reform and other relevant reforms (PAR and PFM)?*

According to the third part of Article 26 of the Budget Code of Ukraine, the organizational and methodological principles of internal control and internal audit are determined by the Ministry of Finance, which ensures the formation and implementation of state policy in the field of state internal financial control.

Similarly, in accordance with the Regulation “On the Ministry of Finance of Ukraine”, approved by Resolution № 375 of the Cabinet of Ministers of Ukraine dated August 20, 2014, the Ministry of Finance is the main body in the system of central executive bodies that ensures the formation and implementation of state policy in the field of public internal financial control.

In accordance with the assigned tasks, the Ministry carries out regulatory and legal regulation in the field of public internal financial control, determines the organizational and methodological principles of internal control and internal audit, evaluates the functioning of internal control and internal audit systems.

In accordance with the Regulation on the CHU, its main tasks are: ensuring the formation and implementation of state policy by the Ministry of Finance in the field of public internal financial control; implementation of harmonization of internal control and internal audit; evaluation of the functioning of internal control and internal audit systems; coordination of activities of internal audit units.

Tasks and measures for the further development of the State Finance Management System are determined by the Strategy for Public Finance Management System Reform and the Action Plan for its Implementation. In particular, the introduction of internal control aimed at strengthening the responsibility of managers for the management and development of the institution as a whole is foreseen; strengthening the efficiency, capacity and independence of the internal audit; increasing the institutional capacity of the CHU.

The CHU, as responsible for the formation and implementation of state policy in the field of PIFC, ensures the connection with other areas of activity provided for by the Strategy and the Plan of measures for its implementation, as well as with reforms in other areas provided for by strategic documents (in particular, the Agreement on association between Ukraine and the EU, the Public Administration Reform strategy of Ukraine for 2022-2025, approved by the Order of the Cabinet of Ministers of Ukraine dated July 21, 2021 № 831).

According to Clause 5 § 33 of Chapter 4, Clause 1 § 70 of Chapter 6 of the Rules of Procedures of the Cabinet of Ministers of Ukraine, approved by Resolution

№ 950 of the Cabinet of Ministers of Ukraine dated July 18, 2007, draft acts of the Government and draft laws are subject to mandatory approval by the Ministry of Finance.

Accordingly, draft legal acts, including those concerning the approval of concepts, development strategies, reforming spheres of public administration, other spheres (directions) of activity, which have a potential impact on the sphere of the PIFC, are considered by the Ministry of Finance, including the CHU for consistency reforms and their coordinated implementation.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

In the reporting period (June 15, 2023 - March 31, 2024), the reform of the PIFC system in Ukraine continued and progress was made in the further development of internal control and internal audit in state bodies. The reporting information on the state of operation of the PIFC for 2023 are published on the official website of the Ministry of Finance.

Achieving progress in the field of the State Administration of Ukraine, in particular in the creation and functioning of the necessary legal and operational framework for internal control and internal audit, is also confirmed by the results of the assessment of the state of affairs in the public administration system of Ukraine in 2023 conducted by the SIGMA Program, in particular, the experts noted:

creation of a fairly complete legislative and operational base in the field of internal control and internal audit, which combines many basic elements of a qualitative system of state internal financial control;

implementation and operation of several key aspects that support an adequate system of internal control;

wide implementation of internal audit in the public sector in accordance with established requirements; coverage due to various types of internal audits, in particular a shift in focus to performance audits; increasing the level of implementation of internal audit recommendations;

other positive developments, such as the introduction of the certification of internal auditors, the creation of audit committees, the planned digitalization through the creation of an interactive portal of the PIFC, etc.

Managerial accountability, Internal control / Financial Management and Control (FMC) implementation

During 2023, positive trends in improving the organization and ensuring the implementation of internal control in state bodies were continued, in particular, in terms of strengthening managerial responsibility and accountability of management and employees for the proper management and development of the institution, which

is based on the requirements of the law and applies to all activities of the institution. In particular, in terms of defining the purpose (mission) and strategic goals of the state body, the priorities of the state body, their relationship with strategic goals, approval of annual work plans, determination of key indicators aimed at achieving the strategic goals of the body, approval and implementation procedures for reporting on activity results (with determination of reporting levels, forms and deadlines).

The heads of the structural divisions of the bodies are given sufficient powers to perform tasks and functions, achieve the defined goals and key indicators, as well as review and adjust the processes implemented by such divisions.

During 2023, the organization and provision of internal control in institutions was gradually improved, in particular, by:

further integration of internal control elements, their components and risk management into practical activities;

application of the results of risk management in the process of activity planning and management decision-making;

implementation of actions aimed at identifying and correcting deviations in the internal control system;

implementation of a number of measures aimed at improving the internal control system (revision of approaches to activity planning, management of budget funds, accounting and reporting, implementation of IT tools and other issues related to the functioning of the institution);

changes in the emphasis of internal control from a predominant focus on issues of compliance with legislation to ensuring increased efficiency in achieving results in accordance with the established goal, tasks, activity plans of institutions within the framework of legislation.

In 2023, the Ministry of Finance, taking into account the conclusions of the European Commission as part of the negotiation process on Ukraine's accession to the EU, the recommendations of European experts, in particular the SIGMA Program and Deloitte's technical support (SOERA), gradually implemented approaches to the reporting of the heads of institutions on the state of the organization and the implementation of internal control by submitting declarations by them. In particular, the order of the Ministry of Finance dated August 15, 2023 № 441 updated the form of the Report on the state of the organization and the implementation of internal control in terms of elements of internal control, which includes sections on specifying a concise description of the state of internal control (summary), disclosing issues of the functioning of its key components and a generalized conclusion on the effectiveness of internal control (demonstration of the head of the institution's confidence that the implemented measures ensured the use of resources in an appropriate and effective way to achieve results). The list of questions for the report is focused on self-assessment of the state of the organization by the reporting entities and implementation of internal control, its elements and

their components, the results of which should be reflected in the reporting information.

Also, in the 1st quarter of 2024, in order to strengthen the managerial responsibility and accountability of heads of key spending units, the introduction of the declaration of the head of internal control (from 2026), which, in particular, will reflect the evaluation information of the head of the institution about the effectiveness and ability of internal control to ensure the achievement of goals activities of the institution, the Ministry of Finance has prepared a draft resolution of the Cabinet of Ministers of Ukraine “On Amendments to the Basic Principles of Internal Control by Key Spending Units.”

In addition, the draft resolution provides for the regulation of the issue of additional strengthening of managerial responsibility and accountability, continuous improvement and controllability of activities (planning, implementation, reporting and evaluation of achieved results); clarification of issues regarding the delegation of powers, resources, responsibility and accountability, risk management activities (focusing on key risks, including those that may cause or allow the emergence of corruption risks, fraud or abuse of office); addition of provisions regarding the possibility of involving the audit committee as a consultative and advisory body to provide professional advice and consider issues related to the organization and implementation of internal control.

Internal audit practice

During 2023, further development and improvement of the quality of internal audit was carried out, and positive shifts and trends in the organization and implementation of relevant activities continued to be observed in many state bodies, in particular:

internal audit activities are organized in all state bodies that functioned (exercised powers) and are subject to relevant requirements, in most bodies the practical implementation of the internal audit function and the effectiveness of such activities are ensured;

the organizational and functional independence of internal audit units has been strengthened (in particular, the number of bodies in the system of which it is allowed to rely on internal audit units for inappropriate functions and/or non-observance of organizational independence continues to decrease);

continued work on the implementation of the activities of audit committees in the practice of state bodies (in particular, ministries);

measures were taken to support and increase the capacity of internal audit units, strengthen their personnel potential, reduce the number of vacancies (in particular, by increasing the number of internal auditors, ensuring staff stability, staffing units, increasing the professional competence of auditors);

measures were implemented to further change priorities during the conduct of internal audits (in particular, the share of internal audits on performance evaluation continues to grow; the conduct of internal IT audits is gradually increasing);

control over the response to recommendations provided as a result of internal audits has been strengthened (in particular, the level of implementation of audit recommendations has generally increased, a number of areas of activity in the system of many state bodies have been improved as a result of the implementation of recommendations);

continuous work on improving and improving the effectiveness of internal audit quality assurance measures with the aim of continuous development and increasing the effectiveness of the implementation of the internal audit function.

Central Harmonisation Unit (CHU)

During 2023 and the 1st quarter of 2024, CHU continued its work to ensure the further development of the PIFC system, in particular:

improved regulatory and methodological support for internal control and internal audit - in 2023, changes were made to the form of the Report on the state of the organization and implementation of internal control in terms of internal control elements (order of the Ministry of Finance dated August 15, 2023 № 441). Prepared Methodological recommendations on the organization and implementation of monitoring of the internal control system, the manual “Recommendations for the development of key performance indicators of the internal audit unit in the public sector”, the brochure “Agile approach to internal audit”, a report with recommendations on strengthening the role of internal audit in the prevention of corruption and fraud, as well as identifying their signs. In the first quarter of 2024, a draft resolution of the Cabinet of Ministers of Ukraine “On Amendments to the Basic Principles of Internal Control by Key Spending Units” was prepared ;

further implementation of the training program on internal control and the training program for internal auditors was carried out - training on internal control and risk management was conducted (6 - in 2023, 2 - in the 1st quarter of 2024 for all central level state bodies); in 2023, 2 trainings for internal auditors were held - a basic course for internal auditors and a course on performance audit for a total of 60 auditors; certification training events were held (3 in 2023, 1 in the 1st quarter of 2024 for a total of almost 300 auditors and 34 representatives of higher education institutions). In 2023, a special short-term training program for internal control issues was prepared for civil servants, officials of local self-government (categories two to seven), which was approved by the order of the Ministry of Finance dated September 20, 2023 № 511;

the practical implementation of the national certification of internal auditors was ensured - organizational measures were carried out, including the preparation of test questions for the qualification exam, a training course was developed and conducted according to the Recommended Program for the preparation of internal

auditors for certification; 11 qualification exams were conducted, including 8 exams in 2023 and 3 exams in 2024 as part of the remedial examination;

an assessment of the functioning of internal audit systems was carried out and recommendations were made to state bodies regarding the improvement of internal audit activities - 4 external assessments of the quality of internal audit were completed in 2023, one assessment was completed in the I quarter of 2024 and one assessment is ongoing;

prepared and submitted to the Cabinet of Ministers of Ukraine (letter dated March 29, 2024 № 33030-07-3/10727) reporting information on the state of development of the PIFC for 2023 with relevant proposals;

advisory and explanatory support on internal control and internal audit issues continued – 38 letters were sent on relevant issues and a number of recommendations aimed at improving activities in relevant areas were provided (26 letters in 2023, 12 letters in the 1st quarter of 2024). Information on issues of the PIFC is published on the official website of the Ministry of Finance;

the institutional capacity of CHU was increased - employees of CHU took part in trainings organized by PEM PAL IACOP, EU4PFM and SURGe projects, SIGMA, Deloitte, IIA, PwC Academy, etc. (in 2023 - 6, in the 1st quarter of 2024 – 5);

continued cooperation with the technical support project of the National Academy of Finance and Economics of the Ministry of Finance of the Kingdom of the Netherlands and the EU4PFM Project. In particular, with the support of the EU4PFM Project, the conference “Public internal financial control: development prospects” was held on February 28, 2024 (with the participation of more than 130 people), together with the experts of this project, activities were carried out to prepare for the automation of processes in the field of PIFC (a Concept note was developed, which determines the main parameters and structure of the portal of the PIFC and will become the basis for the further development of the technical specification for the corresponding IT solution).

Information on anti-corruption mainstreaming

The Order № 1001 and Internal Audit Standards provide for immediate notification by internal auditors of the head of the institution about signs of fraud, corruption offenses and offenses related to corruption, and at the decision of the head of the institution - informing or handing over internal audit materials to law enforcement agencies, based on the results of which the following facts were discovered.

The issues of organization and implementation of internal control by key spending units (including management responsibility and accountability) are regulated by the Basic principles of internal control by key spending units.. These Basic principles, among other things, provide that the head of the institution is

responsible and accountable for ensuring the legal, economical, efficient, effective and transparent management of budget funds, state-owned objects and other resources, as well as providing for the regulation in the internal documents of the institution of issues regarding ensuring that employees comply with the requirements of legislation in the field of prevention and detection of corruption.

In the reporting information on the state of organisation and implementation of internal control for 2023, all institutions reported on the organisation and implementation of appropriate measures aimed at preventing corruption and fraud; compliance by employees with the established rules of ethical behaviour (i.e. no violations/deficiencies identified by the internal audit unit, the key spending unit, or state bodies exercising control in the relevant area).

In the field of internal audit, corruption prevention issues are also regulated in the Procedure for Internal Audit and Formation of Internal Audit Units (approved by Government Resolution dated September 28, 2011 № 1001), National Internal Audit Standards and the Code of Ethics for Internal Audit Unit Employees.

In accordance with the Code of Ethics of the Internal Audit Unit, approved by Order of the Ministry of Finance № 1217 dated September 29, 2011, registered with the Ministry of Justice on October 17, 2011 № 1195/19933, employees of the Internal Audit Unit are obliged to take measures to prevent conflicts of interest, and the Head of the Internal Audit Unit is obliged to prevent conflicts of interest in the activities of subordinate employees (in case of occurrence, he/she must make a decision on the settlement of the conflict of interest within two days in accordance with the procedure established by law). In addition, the Code of Ethics regulates the issue of counteracting the receipt of unlawful benefits and gifts.

The reporting information on the state of functioning of the Public Internal Financial Control (PIFC) for 2023, including internal control, is available on the official website of the Ministry of Finance.

In the reporting information on the state of organisation and implementation of internal control for 2023, all institutions reported on the organisation and implementation of appropriate measures aimed at preventing corruption and fraud; compliance by employees with the established rules of ethical behaviour (i.e. no violations/deficiencies identified by the internal audit unit, the key spending unit, or state bodies exercising control in the relevant area).

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

Ukraine is at an early stage of preparation for implementing financial control. During the reporting period, Ukraine made limited progress by approving the financial audit methodology for external audits and establishing audit committees within central authorities.

In 2023, Ukraine should focus on the following recommendations:

→ ensure tighter connectivity between public internal financial control (PIFC) reform and the Central Harmonisation Unit (CHU)

As part of the implementation of the recommendation, the Action Plan provides for voluntary and free national certification of employees of the internal audit divisions of state bodies (with the aim of improving the qualifications and assessing the professional competence of internal auditors of state bodies, which will contribute to the further development of the internal audit function in Ukraine, taking into account international practice).

Currently, the Ministry of Finance has ensured the practical implementation of national certification of internal auditors of state bodies.

In particular, organizational measures were implemented in 2023, including the Certification Commission's approval of the recommended program for preparation for certification and the general list of questions for the qualification exam. The involvement of representatives of the technical support project for Ukraine of the National Academy of Finance and Economics of the Ministry of Finance of the Kingdom of the Netherlands, the International Institute of Internal Auditors (IIA) in Ukraine, and 16 higher education institutions was also initiated.

In the second half of 2023 and 2024, certification of internal auditors began, in particular:

training was conducted from October 4 to November 23, 2023 according to the Recommended training program for 162 internal auditors who registered for certification, with the involvement of representatives of the technical support project for Ukraine of the National Academy of Finance and Economics of the Ministry of Finance of the Kingdom of the Netherlands, representatives of the International Institute of Internal Auditors (IIA) in Ukraine, State Tax University;

11 qualification exams were held (including 3 exams in 2024 for corrective examination), according to the results of which 36 internal auditors (including 17 auditors in 2024) successfully passed them, confirmed the level of professional competence, knowledge and skills and received a certificate ;

measures for the certification of internal auditors are ongoing for candidates to receive a certificate who registered in the 1st quarter of 2024 (registration lasted from March 6 to 21), in particular, training is conducted according to the Recommended Program for the Training of Internal Auditors, and preparation for qualification exams is being conducted.

In addition, within the framework of the implementation of this recommendation of the European Commission on strengthening the link between the reform of public internal financial control and the Central Harmonization Unit, measures are being implemented to promote the reform and increase the institutional capacity of the CHU, in particular:

in the I quarter of 2024 (February 28, 2024), the conference “Public Internal Financial Control: Development Prospects” was held, organized with the support of the Public Finance Management Support Program in Ukraine (EU4PFM), for 130 heads of internal audit units;

in the II quarter of 2024, as part of the work of the Public Finance Management Support Program in Ukraine (EU4PFM), a conference on internal control issues for the top management of state bodies is planned;

the plans for work / cooperation with the Program for Public Finance Management in Ukraine (EU4PFM) and with the technical support project for Ukraine of the National Academy of Finance and Economics of the Ministry of Finance of the Kingdom of the Netherlands include a number of measures aimed at increasing the institutional capacity of the Central Harmonization Unit of the Ministry of Finance . As well as the exchange of experience regarding the reform of public internal financial control with the central units of harmonization of EU member states, participation in training events with the involvement of international experts, etc.

→ strengthen the CHU’s role in enforcing delegated managerial accountability

As part of the implementation of the recommendation, the Action Plan provides for the development and submission to the Cabinet of Ministers of Ukraine of proposals for making changes to the Basic Principles of Internal Control by key spending units, approved by Resolution № 1062 of the Cabinet of Ministers of Ukraine on December 12, 2018, in the part of introducing the declaration on internal control (with the aim of strengthening the responsibility of managers for the management and development of institutions that are key spending units (managerial responsibility and accountability), and improving the quality of performance of tasks for planning and organizing activities, forming an appropriate internal control structure, supervising the implementation of internal control and risk management)

The Ministry of Finance has developed a draft resolution of the Cabinet of Ministers of Ukraine “On Amendments to the Basic Principles of Internal Control by key spending units”, which was submitted for approval of state institutions (the Ministry of Economy and the Ministry of Digital).

The proposal of amendments provides the introduction of the declaration of the head of internal control (from 2026), the normalization of the issue of additional strengthening of managerial responsibility and accountability, continuous improvement and controllability of activities (planning, implementation, reporting and evaluation of achieved results). As well as clarification of issues regarding the delegation of powers, resources, responsibility and accountability, risk management activities; the possibility of engaging the audit committee as an advisory body to provide professional advice and review issues related to the organization and implementation of internal control.

→ address the shortage of internal auditors

In 2023, state bodies implemented measures to support and increase the capacity of internal audit units, strengthen their personnel potential, reduce the number of vacancies (in particular, by increasing the number of internal auditors, ensuring staff stability, staffing units, improving the professional competence of auditors), which made it possible to solve relevant problematic issues in individual state bodies.

In general, in 2023, in the system of most state bodies, the overall personnel capacity of internal audit units remained stable or partially increased, despite the challenges of wartime, limited budget funding, etc. Thus, the full-time number of employees of internal audit divisions in the system of 80 state bodies was preserved (there were no changes in the number of internal auditors), and in the system of 27 state bodies, such number was increased.

Also, the number of state bodies in the apparatus of which the implementation of internal audit was entrusted to only one official continues to decrease, (in terms of full-time staff). As of December 31, 2023, such facts took place in the apparatuses of 20 state bodies (compared to 32, 27, and 23 bodies in 2020, 2021, and 2022, respectively). At the same time, at the beginning of 2024, the number of internal auditors was increased and internal audit sectors were formed in a number of the above-mentioned bodies.

The plan of measures within the framework of the implementation of the recommendation provides for:

1) ensuring the compliance and sufficiency of the staffing of internal audit units of state bodies, taking into account the requirements of clause 3 of the Procedure for Internal Auditing and the Formation of Internal Audit Units, approved by Resolution № 1001 of the Cabinet of Ministers of Ukraine dated September 28, 2011. In order to effectively implement the function of internal audit and system internal audit

coverage of all risk areas of the state body's activity (with appropriate notification of the Ministry of Finance about the measures taken);

2) ensuring the introduction of changes to the structure and staff lists of state bodies to bring them into line with the requirements of the Cabinet of Ministers of Ukraine Resolution № 12 dated 12.01.2022 “On the introduction of certification of employees of internal audit units and amendments to the Resolution of the Cabinet of Ministers of Ukraine dated September 28, 2011 № 1001”. Namely, in terms of the creation of an internal audit unit (instead of the position of chief internal audit specialist), taking into account the limited number of employees of the state body (with appropriate notification of the Ministry of Finance about the measures taken);

3) ensuring implementation of measures for staffing (additional staffing) positions in internal audit divisions (officials entrusted with the authority to carry out internal audits) with personnel of appropriate qualifications and ensuring compliance with the requirements of Article 26 of the Budget Code of Ukraine in terms of the organization and implementation of internal audit activities in state bodies (with appropriate notification of the Ministry of Finance about the measures taken).

Ministries, other central bodies of executive power, regional, Kyiv and Sevastopol city state administrations (military administrations), other key spending units, who must inform the Ministry of Finance about the measures taken, are identified as responsible for the implementation of the specified measures. The deadline for such notification is April 2024. As of April 10, 2024, relevant information was received from 73 out of 124 bodies (or 58% of the total number of bodies). Taking into account the above, information on the status of implementation of the recommendation will be provided by the Ministry of Finance after receiving data from all state bodies.

At the same time, in order to strengthen the personnel capacity of the internal audit units, the Ministry of Finance periodically sends letters to the authorities regarding the need to comply with the requirements of the legislation in the field of internal audit, in particular, during the formation of staff lists of state bodies, and it is proposed to take measures aimed at ensuring compliance with the requirements of legislative and other normative - legal acts in the field of internal audit (the latest letter of the Ministry of Finance dated January 21, 2024 № 33040-07-5/1774).

Also, during the February 28, 2024 conference “Public internal financial control: development prospects”, organized with the support of the EU4PFM Project (with the participation of more than 130 people), it was emphasized the need to ensure compliance and sufficient staffing of employees of the internal audit units of state bodies, making changes to the structure and staff lists of state bodies, taking into account the limited number of employees of the state body, implementation of measures to staff (replenish) positions in internal audit units with personnel of appropriate qualifications.

2. External audit.

Answers to the Guiding Questions

EU requirements: *No acquis that requires transposition into national legislation. A candidate country has to adopt and implement external audit standards as defined by the International Organisation of Supreme Audit Institutions (INTOSAI), especially its Mexico and Lima declarations and capacity for full audit coverage (financial and performance audits).*

● ***Is independence of the Supreme Audit Institution (SAI) anchored in the Constitution?***

No relevant developments during the reporting period.

● ***Is there a SAI law, which provides for functional, operational and financial independence of the SAI in line with the INTOSAI standards? Especially, are the following aspects of independence guaranteed in the legal framework and implemented in practice?***

- ***Is the independence of the Head of the SAI (and Council members in case of a collegial body) legally protected, including the appointment, terms of employment, removal, dismissal and immunity during the normal discharge of responsibilities?***

No relevant developments during the reporting period.

- ***Is the audit mandate of the SAI comprehensive, covering all public financial operations?***

No relevant developments during the reporting period.

- ***Does the SAI have the authority to undertake a full range of financial, regularity and performance?***

The Accounting Chamber was empowered to conduct compliance audit according to the amendments to the Law of Ukraine «On the Accounting Chamber» made by the Law of Ukraine dated March 21, 2024, No. 3621-IX «On Amendments to Certain Laws of Ukraine on Ensuring the Rights of Military and Police Officers to Social Protection».

From now on, the Accounting Chamber, along with all other Supreme Audit Institutions, has the authority to perform all three types of audit: financial audit, performance audit and compliance audit.

The Accounting Chamber's Action Plan 2024 provides for 11 compliance audits.

- *Do external auditors have an unrestricted right to access the premises, records and documents of the audited bodies?*

No relevant developments during the reporting period.

- *Is the financial independence of the SAI ensured from the executive? Is the SAI entitled to use the funds allocated to it under a separate heading as it sees fit?*

No relevant developments during the reporting period.

- *Does the SAI have sufficient overall institutional capacity in terms of management and staffing?*

As of March 31, 2024, 12 Members of the Accounting Chamber ensure carrying out measures of public external financial control.

On January 10, 2024, the Verkhovna Rada of Ukraine appointed Olha Pishchanska as the Chairwoman of the Accounting Chamber.

The number of employees actually working in the apparatus of the Accounting Chamber is 501, 298 of them are auditors.

- *Has the SAI adopted and implements a Strategic Development Plan that sets out the internal development standards on a multi-annual basis?*

No relevant developments during the reporting period.

- *Do the SAI members and staff have the required qualifications to carry out their tasks? Is professional development of auditors ensured through internal, external and international (training) programmes?*

All employees of the Accounting Chamber meet the requirements for the relevant positions defined by the laws of Ukraine «On the Accounting Chamber» and «On the Civil Service».

In total, within 2023, 398 employees completed advanced training and training through self-education and received 1,009 certificates.

The training programs have been developed for all three types of audit (financial audit, compliance audit and performance audit) according to new methodologies based on the International Standards for Supreme Audit Institutions (ISSAIs) within the «Strengthening Capacities in External Audit in line with International Standards (EU4ACU)» international technical assistance project. 471 employees were trained under these programs within 2023.

From July 2023 to April 2024 with the assistance of the U.S. Agency for International Development (USAID) and in accordance with the invitation of the U.S. Government Accountability Office (U.S. GAO), 78 auditors of the Accounting

Chamber completed advanced training under the «Principles and Practice of Auditing» special professional (certificate) program.

Also, within the project monthly trainings for the staff of the Accounting Chamber took place online with the assistance of experts from the Center for Audit Excellence of the U.S. Government Accountability Office on topics of interest to the institutional and professional development of the Accounting Chamber, in particular «Measuring the Outcomes of the Supreme Audit Institution. GAO's Activity Indicators», «Description of the Stages of Processes at the Auditees and Assessment of the Internal Control System in Relation to Them», «Audit Report and Audit Conclusion. Various approaches to their writing», «Internal Control System».

Accounting Chamber's representative was selected to participate in the U.S. Government Accountability Office's International Auditor Fellowship Program running from April 17, 2024, to July 15, 2024.

Since July 1, 2022, five employees of the Accounting Chamber have been being seconded to the European Court of Auditors for a two-year term within the long-term secondment program for auditors from the European Union member states' SAIs.

• ***Does the SAI demonstrate its commitment to improving public internal control environment? Key issues:***

- ***Does the SAI make an assessment of the internal control environment of the audited institution as part of the audit?***

According to the new methodologies for financial audit, performance audit and compliance audit, approved by the Accounting Chamber in 2023, auditors have to gain an understanding of all elements of the internal control system of the auditee, assess their presence and application by the auditee, as well as their compliance with the requirements of the «Basic Principles of Internal Control by key spending units», approved by the Decree of the Cabinet of Ministers of Ukraine dated December 12, 2018, № 1062 (as amended), throughout the planning and performance of the audits.

Although auditors are not responsible for the internal control system of the auditee, they can play an important role in its improvement due to the provision of recommendations based on the results of the tests carried out and the possibility of comparisons with other similar institutions / organizations, which can be particularly valuable.

- ***Does the SAO proactively coordinate with and/or organise common trainings with the Central Harmonisation Unit?***

The task «Supporting the establishment of the efficient cooperation between internal auditors and external auditors, transition to a unified audit model and improving the model of three lines of defence in the public sector in order to ensure efficient and effective use of state resources» is being implemented within the

«Strengthening Capacities in External Audit in line with International Standards (EU4ACU)» international technical assistance project.

During 2023 and the 1st quarter of 2024, in order to implement this task, 4 round tables were organized and held to establish communication between internal auditors of central executive bodies, the State Audit Service of Ukraine, the Public Internal Financial Control Harmonization Unit of the Ministry of Finance of Ukraine and the Accounting Chamber. At these events the parties discussed the advantages and disadvantages of cooperation during control measures between various branches of the public financial control system.

- *Does the SAI, as a budget user itself, have an internal audit unit with sufficient staff?*

The structure of the Accounting Chamber's apparatus includes the Internal Audit Sector, which ensures the performance of all tasks provided for by legislation, internal audit activity plan.

● *Does the SAI have both financial and performance audit manuals in place? Does the SAI have quality assurance procedures and/or other mechanisms in place to ensure compliance with international audit standards?*

In 2023, the Accounting Chamber approved methodological documents for the implementation of all three types of audits:

Performance Audit Methodology and Compliance Audit Methodology (Decision of the Accounting Chamber dated June 6, 2023, № 12-2 and № 12-3).

The Financial Audit Methodology (Decision of the Accounting Chamber dated July 25, 2023, № 15-5), which is a new edition of the Methodological Manual for Financial Audit and the Procedure for Performing Financial Audit by the Accounting Chamber, approved by the Decision of the Accounting Chamber dated December 22, 2022, № 27-4. This methodology was supplemented with the third part – «Algorithm for the Audit of Consolidated Financial and Budget Statements by the Accounting Chamber» by the Decision of the Accounting Chamber dated September 26, 2023, № 19-4.

These methodologies clearly define quality control and assurance procedures that meet the requirements of the INTOSAI Framework of Professional Pronouncements (IFPP). In addition, the Methodological Guide for Ensuring the Functioning of the Quality Management System in the Accounting Chamber, which is based on the best international practices, INTOSAI principles and ISSAI 130 «Code of Ethics», ISSAI 140 «Quality Control for Supreme Audit Institutions», ISSAI 150 «Auditor Competence», as well as the requirements of the current legislation of Ukraine.

● *Does the SAI plan its audits and conduct its work by applying the INTOSAI standards?*

The Procedure for Annual Planning of the Accounting Chamber, which was developed taking into account the requirements and provisions of the Law of Ukraine «On the Accounting Chamber», the Regulations of the Accounting Chamber, INTOSAI P12 principles «The Value and Benefits of Supreme Audit Institutions - making a difference to the lives of citizens», was approved by the Decision of the Accounting Chamber dated December 21, 2023, № 31-9.

The Accounting Chamber plans and carries out its audits in accordance with the above-mentioned methodologies for financial audits, compliance audits and performance audits based on the International Standards for Supreme Audit Institutions (ISSAIs). Thus, the Accounting Chamber has conducted 8 financial audits, 6 performance audits and 1 compliance audit in line with these methodologies.

• *Does the SAI have in place procedures for quality control and ethics, providing reasonable assurance that the SAI auditors are complying with professional standards, including integrity, independence, objectivity, confidentiality and competence?*

The Code of Ethics of the Accounting Chamber, which is based on the provisions of the INTOSAI Code of Ethics (ISSAI 130), was approved by the Decision of the Accounting Chamber dated July 11, 2023, № 14-8. This document establishes general requirements and fundamental values and principles that form the basis of the ethical behaviour of all employees who work directly in the Accounting Chamber or exercise powers on its behalf.

The quality management system was introduced in the Accounting Chamber according to the Methodological Guide for Ensuring the Functioning of the Quality Management System in the Accounting Chamber (Decision of the Accounting Chamber dated October 31, 2023, № 25-1), which is based on the on the best international practices, INTOSAI principles and ISSAI 130 «Code of Ethics», ISSAI 140 «Quality Control for Supreme Audit Institutions», ISSAI 150 «Auditor Competence», as well as the requirements of the current legislation of Ukraine. This will contribute to ensuring the quality of audits carried out by the Accounting Chamber.

Also, in accordance with the financial audit, compliance audit, and performance audit methodologies, auditors (including Members of the Accounting Chamber) shall sign a Statement of Compliance with Ethical Requirements during audits.

In addition, in order to avoid private interest in the field of audit, all auditors of the Accounting Chamber shall sign before the audit the Certificate of Independence. This is stipulated by the Regulations of the Accounting Chamber, the Procedure for Drawing up Certificates of Independence, approved by the Decision of the Accounting Chamber dated January 29, 2019, № 3-7 (as amended by the Decision

of the Accounting Chamber dated June 27, 2023, № 13-6), and the methodologies for financial audits, compliance audits and performance audits.

• *Does the SAI report its findings independently on an annual basis to the Parliament? Is the SAI report published?*

In accordance with Article 30 of the Law of Ukraine «On the Accounting Chamber» (hereinafter – the Law), the Accounting Chamber prepares and no later than May 1 of the year following the reporting year submits an annual report to the Verkhovna Rada of Ukraine on its activities. Simultaneously with the submission of the annual report to the Verkhovna Rada of Ukraine, the Accounting Chamber publishes it on its official website as open data.

The Report of the Accounting Chamber for 2023, considered and approved by the Decision of the Accounting Chamber dated March 26, 2024, № 14-2, will be submitted to the Verkhovna Rada of Ukraine and published on the institution's official website by May 1.

• *Does the SAI provide the legislature, and especially legislative committees, with relevant, objective and timely information?*

In accordance with the Law, the Accounting Chamber regularly informs the Verkhovna Rada of Ukraine about the results of audits and other control measures.

In particular, in 2023, 120 documents (reports, decisions, information, acts and letters) were sent to the Verkhovna Rada of Ukraine for information and appropriate response. Representatives of the Accounting Chamber participated in meetings of 50 committees, 22 subcommittees, 7 working groups, 3 round tables and 4 meetings of temporary investigative commissions. In total, within 2023, the committees and subcommittees of the Verkhovna Rada of Ukraine considered 26 issues related to control measures carried out by the Accounting Chamber.

• *Are the SAI audit reports clear and concise and do they feature relevant and useful recommendations based on SAI's findings? Does the SAI have in place appropriate procedures to monitor the implementation of its audit recommendations?*

All reports of the Accounting Chamber on the results of the conducted audits contain recommendations based on the conclusions made.

The «Monitoring of the Implementation of the Decisions of the Accounting Chamber on the Results of the Consideration of the Public External Financial Control (Audit) Measure» process was approved by the Decision of the Accounting Chamber dated December 21, 2023, № 31-10. The document is based on the requirements of the INTOSAI Framework of Professional Pronouncements (IFPP): ISSAI 100 «Fundamental Principles of Public-Sector Auditing», ISSAI 200

«Financial Audit Principles», ISSAI 300 «Performance Audit Principles» and ISSAI 400 «Compliance Audit Principles».

The process establishes general rules and procedures for execution of powers of the Accounting Chamber, determined by the current legislation, in terms of monitoring the implementation of the decisions of the Accounting Chamber and informing stakeholders about its results.

For the purpose of its implementation, the Information Service to Assist Auditors in Following up on the Provided Audit Recommendations was implemented and is being operated in the Accounting Chamber.

• *Does the SAI communicate its audit results widely and timely through media, websites and other means? Does the SAI make its audit reports publicly available?*

The official website of the Accounting Chamber and its pages in social networks are constantly being updated with relevant information.

For 2023, 116 press releases and other informational messages were published on the official website of the Accounting Chamber. There are 466 posts and 99 reels/stories/videos in social networks and messengers. An official page of the institution was created on the Instagram social network to reach the widest possible circle of Ukrainians.

In general, as of January 1, 2024, reports and decisions on the results of 508 control measures, 53 of which were carried out in 2023, were posted on the website of the Accounting Chamber, as well as 484 information notices on the state of implementation of the decisions of the Accounting Chamber, adopted as a result of audits, were published, 37 of which were based on the results of control measures carried out in 2023.

• *Does the Parliament have a formal mechanism in place to examine the SAI reports? Is there a dedicated Committee to consider the SAI's audit reports? Does the Parliament ensure follow-up to SAI's audit reports?*

No relevant developments during the reporting period.

**Additional update of the information previously provided by Ukraine
in the framework of the 2023 Enlargement Package**

No relevant developments during the reporting period.

Information on anti-corruption mainstreaming

By the initiative of the Accounting Chamber, the National Agency on Corruption Prevention connected it to the Unified Whistleblower Reporting Portal according to the out-of-turn procedure.

The Anti-Corruption Program of the Accounting Chamber for 2023–2025 was approved by the Decision of the Accounting Chamber dated October 30, 2023, № 24-1.

The Register of risks, containing 20 corruption risks, for which 35 effective measures (methods) were proposed to eliminate and/or minimize them, was formed upon the results of the evaluation of corruption risks in the activity of the Accounting Chamber.

5 Memos were developed and posted on the official website of the Accounting Chamber for the employees of the Accounting Chamber explaining individual norms of anti-corruption legislation.

The Warning regarding Restrictions, Obligations and Requirements Provided for by the Law of Ukraine «On the Prevention of Corruption» has been developed and implemented for the familiarization of newcomers and employees who cease to perform state functions.

The Code of Ethics of the Accounting Chamber, which is based on the provisions of the INTOSAI Code of Ethics (ISSAI 130), was approved by the Decision of the Accounting Chamber dated July 11, 2023, № 14-8. This document establishes general requirements and fundamental values and principles that form the basis of the ethical behaviour of all employees who work directly in the Accounting Chamber or exercise powers on its behalf.

The Procedure for the Organization of Work with Reports of Corruption, Submitted by Whistleblowers, in the Accounting Chamber was approved by the Decision of the Accounting Chamber dated February 27, 2024, № 9-3.

The Regulation on the Implementation of Mechanisms to Encourage Whistleblowers and the Formation of a Culture of Reporting the Possible Facts of Corruption or Related Offenses, other Violations of the Law of Ukraine «On Prevention of Corruption» in the Accounting Chamber was approved by the Decision of the Accounting Chamber dated February 27, 2024, № 9-4.

5 Memos were developed and posted on the official website of the Accounting Chamber for the employees of the Accounting Chamber explaining individual norms of anti-corruption legislation.

The Warning regarding Restrictions, Obligations and Requirements Provided for by the Law of Ukraine «On the Prevention of Corruption» has been developed and implemented for the familiarization of newcomers and employees who cease to perform state functions.

The Accounting Chamber was connected to the Unified Whistleblower Reporting Portal according to the out-of-turn procedure.

The Procedure for Interaction between Structural Divisions during Planning and Procurement was approved by the Order of the Secretary of the Accounting Chamber – Chief of Staff dated March 15, 2024, № 24. The functions between the structural subdivisions of the Accounting Chamber's apparatus - procurement initiators and the authorized person responsible for organizing and conducting procurement/simplified procurement procedures at various stages of procurement: from preparation, implementation to reporting, are demarcated by the Order.

The Procedure for Preparation, Conclusion, Support and Control over the Execution of Contracts in the Accounting Chamber, which prescribes the algorithm of actions for each structural subdivision of the Accounting Chamber's apparatus during the conclusion of a direct contract or a contract based on results of procurement procedure, was approved by the Order of the Secretary of the Accounting Chamber – Chief of Staff dated April 1, 2024, № 32.

In these two documents, anti-corruption provisions are taken into account, and therefore the powers of each process participant are divided, while control over actions at each stage is preserved in order to avoid corruption mechanisms.

Together with the specialists of the National Agency on Corruption Prevention, the online training on the Peculiarities of Submitting Electronic Declarations during Martial Law, Taking into Account the Changes to the Anti-Corruption Legislation that Came into Force on October 12, 2023, was organized. More than 260 Accounting Chamber's employees took part in it.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ strengthen the Accounting Chamber of Ukraine's (ACU) independence, mandate and ISSAI-based audit work through the approval of a new ACU law, and address the shortage of internal auditors

The Representatives of the Accounting Chamber participate in the Working Group of the Verkhovna Rada of Ukraine Committee on Budget to develop draft laws on reforming the Accounting Chamber. Currently, work on the new draft of the Law of Ukraine «On the Accounting Chamber» is underway.

→ increase cooperation between the ACU and Parliament to strengthen oversight of the state budget and its implementation:

1) preparation of proposals for the introduction of a mechanism for consideration by the committees of the Verkhovna Rada of Ukraine of all reports on the results of audits of the Accounting Chamber and implementation of parliamentary control measures by them to increase the level of implementation of the recommendations of the Accounting Chamber

2) improvement of the system for monitoring the implementation of the recommendations of the Accounting Chamber and informing stakeholders (state bodies, civil society institutions, political parties, territorial communities, etc.) about its results for appropriate response.

1) The Representatives of the Accounting Chamber participate in the Working Group of the Verkhovna Rada of Ukraine Committee on Budget to develop draft laws on reforming the Accounting Chamber. Currently, work on the new draft of the Law of Ukraine «On the Accounting Chamber» is underway.

2) The “Monitoring of the Implementation of the Decisions of the Accounting Chamber on the Results of the Consideration of the Public External Financial Control (Audit) Measure” specification and process description were approved by the Decision of the Accounting Chamber dated December 21, 2023, № 31-10. The document is based on the requirements of the INTOSAI Framework of Professional Pronouncements (IFPP): ISSAI 100 “Fundamental Principles of Public-Sector Auditing”, ISSAI 200 “Financial Audit Principles”, ISSAI 300 “Performance Audit Principles” and ISSAI 400 “Compliance Audit Principles”. The process was developed taking into account the norms defined by the Law of Ukraine «On the Accounting Chamber» and the Regulations of the Accounting Chamber. The process establishes general rules and procedures for execution of powers of the Accounting Chamber, determined by the current legislation, in terms of monitoring the implementation of the decisions of the Accounting Chamber and informing stakeholders about its results. For the purpose of its implementation, the Information Service to Assist Auditors in Following up on the Provided Audit Recommendations was implemented and is being operated in the Accounting Chamber.

The Constitution does not recognise the independence of the Accounting Chamber of Ukraine (ACU). The legal framework limits the ACU's mandate to audit public bodies and resources, including control over the national budget's revenues and use. It does not have the mandate to audit local budgets, state-owned businesses or off-budget spending. While the ACU reports on PIFC and internal audit findings to the Ministry of Finance, exemptions should be considered to maintain its autonomy. Although the ACU is instructed to apply international audit principles, this has led to flawed practices not aligned with international standards due to conflicts with Ukraine's constitution and laws.

The ACU has recently approved the methodology for financial audits, which aligns with international standards. The manual will be used in planned pilot audits in 2023. Methodologies for compliance and performance audits still require approval. In practice, the ACU focuses more on inspections than audits, as defined by international public sector auditing standards. There is also an overlap between the mandates of the ACU and the State Audit Service (SAS), with the latter having a broad mandate that includes defined public financial and IT audits.

The current impact of the ACU's audit work is minimal as its performance is measured based on the number of audits conducted rather than the actual impact of audit recommendations. There is no formal procedure for monitoring the implementation of ACU audit recommendations.

The ACU currently does not produce audit reports that are in line with recognised international standards. These are rather inspection reports that do not serve the purpose of promotion of reforms or identifying systemic issues.

The Representatives of the Accounting Chamber participate in the Working Group of the Verkhovna Rada of Ukraine Committee on Budget to develop draft laws on reforming the Accounting Chamber. Currently, work on the new draft of the Law of Ukraine "On the Accounting Chamber" is underway.

The Accounting Chamber has sent to the Verkhovna Rada of Ukraine the Consolidated Proposals for Amendments to the Budget Code of Ukraine and Other Legislative Acts of Ukraine, approved by the Decision of the Accounting Chamber dated July 31, 2023, № 16-1. These proposals are reproduced in the draft laws "On the Accounting Chamber" (registration № 10044, 10044-1) and «On Amendments to the Law of Ukraine "On the Accounting Chamber» (registration № 10044-2) on improving the activity of the Accounting Chamber in line with the international standards of public external audit", which are under consideration by the Verkhovna Rada of Ukraine.

In 2023, the Accounting Chamber approved Performance Audit Methodology and Compliance Audit Methodology (Decision of the Accounting Chamber dated June 6, 2023, № 12-2 and № 12-3). The Financial Audit Methodology (Decision of the Accounting Chamber dated July 25, 2023, № 15-5) was supplemented with the third part – "Algorithm for the Audit of Consolidated Financial and Budget Statements by the Accounting Chamber" by the Decision of the Accounting

Chamber dated September 26, 2023, № 19-4. These methodologies clearly define quality control and assurance procedures that meet the requirements of the INTOSAI Framework of Professional Pronouncements (IFPP). In addition, the Methodological Guide for Ensuring the Functioning of the Quality Management System in the Accounting Chamber, which is based on the best international practices, INTOSAI principles and ISSAI 130 “Code of Ethics”, ISSAI 140 “Quality Control for Supreme Audit Institutions”, ISSAI 150 “Auditor Competence”, as well as the requirements of the current legislation of Ukraine.

Amendments were made to the Law of Ukraine “On the Accounting Chamber” (Law of Ukraine dated March 21, 2024, № 3621-IX), which empowered the Accounting Chamber to conduct compliance audit.

The “Monitoring of the Implementation of the Decisions of the Accounting Chamber on the Results of the Consideration of the Public External Financial Control (Audit) Measure” process (approved by the Decision of the Accounting Chamber dated December 21, 2023, № 31-10) establishes general rules and procedures for execution of powers of the Accounting Chamber in terms of monitoring the implementation of the decisions of the Accounting Chamber and informing stakeholders about its results. In addition, the Information Service to Assist Auditors in Following up on the Provided Audit Recommendations was implemented and is being operated in the Accounting Chamber.

3. Protection of the EU's financial interests

Answers to the Guiding Questions

EU requirements: In line with Article 325 of the EU Treaty, Member States have to take same measures to counter fraud affecting the Union's financial interests as they take to counter fraud affecting national financial interests.

• *Is the national legislation aligned with the Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law, which aims to create a common legal basis for the criminal law protection of the EU's financial interests?*

In accordance with the Government's Priority Action Plan for 2024 (adopted by the Government Regulation № 137 of February 16, 2024), the Economic Security Bureau of Ukraine (hereinafter - the ESBU) is responsible for developing and submitting to the Cabinet of Ministers of Ukraine draft laws amending the Criminal Code of Ukraine and the Criminal Procedure Code of Ukraine regarding liability for illegal actions with funds or resources of EU budgets aimed at implementing the relevant provisions of the Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (hereinafter - PIF Directive).

The ESBU submitted the Draft Law of Ukraine “On Amendments to the Criminal Code of Ukraine on Liability for Illegal Actions with the Funds or Assets of the European Union Budgets” and the draft Law of Ukraine “On Amendments to the Criminal Procedural Code of Ukraine on Liability for Illegal Actions with Funds or Assets of the Budgets of the European Union” aimed at implementing the PIF Directive to the Cabinet of Ministers of Ukraine for its consideration on August 22, 2023.

In accordance with paragraphs 2 and 3 of the minutes of the Government Committee on European and Euro-Atlantic Integration, International Cooperation, Culture, Youth, Sports and Information Policy № 15 of October 09, 2023, it was decided to consider the above draft laws at the next meeting of the Government Committee after receiving the position of the EU Party on their compliance with EU legislation.

Currently, the Secretariat of the Cabinet of Ministers of Ukraine has been conducting consultations with the EU Party, involving the ESBU, on the compliance of the draft laws with EU legislation.

- **Key issues:**

- ***Definitions and prescription of effective, proportionate and dissuasive criminal penalties for the principle offenses of fraud (both in revenue and expenditure), passive corruption, active corruption and money laundering, including in serious cases custodial sentences that can give rise to extradition;***

Criminal liability for irregularities related to EU funds is not currently established by Ukrainian criminal law. Efforts to develop relevant draft laws are ongoing.

At the same time, liability for fraud is prescribed by Articles 190 (Fraud) and 222 (Financial fraud) of the Criminal Code of Ukraine, and for corruption and corruption-related criminal offenses (Article 45 of the Criminal Code of Ukraine) - in Article 191 (Misappropriation, embezzlement or seizure of property through malfeasance), 357 (Stealing, appropriation, or extortion of documents, stamps and seals, or acquiring them by fraud or through malfeasance, or endamage of same), 210 (Misuse of budget funds, implementation of budget expenditures or provision of loans from the budget without established budget allocations or with their excess), 354 (Receiving of illegal benefits by an employee of a state enterprise, institution or organization), 364 (Abuse of authority or position), 3641 (Abuse of powers by an official of a private law legal person, irrespective of its organisation and legal form), 3652 (Abuse of powers by persons providing public services), 3662 (Declaring false information), 3663 (Failure of the subject to declare the declaration of the person authorized to perform the functions of the state or local self-government), 368 (Accepting an offer, promise or receiving an improper advantage by an official who occupies a responsible position), 368-3 (Bribery of official of legal entity under the private law, regardless of its legal form), 3684 (Bribery of a person providing public services), 3685 (Unlawful enrichment), 369 (Proposal, promise or providing an improper advantage to an official), 3692 (Abuse of influence) of the Criminal Code of Ukraine, for money laundering - under Article 209 (Legalisation (laundering) of property proceeding from crime), 2091 (Deliberate violation of the law on prevention and counteraction to legalisation (laundering) of proceeds from crime, terrorist financing, and financing of weapons of mass destruction) of the Criminal Code of Ukraine.

It should be noted that the EU funds transferred to the state budget under the Ukrainian Facility are subject to the provisions of the Budget Code of Ukraine and the protection mechanisms provided for the protection of national financial interests, including criminal liability in cases established by the Criminal Code of Ukraine.

The mechanism for the extradition of persons who have committed a criminal offence (extradition) is set out in Chapter 44 of the Criminal Procedure Code of Ukraine. The central authorities of Ukraine for extradition, unless otherwise provided by an international treaty of Ukraine, are the Office of the Prosecutor General and the Ministry of Justice of Ukraine, respectively.

- ***Definition of criminal liability of heads of businesses and liability of legal persons and definition of relevant sanctions;***

Criminal liability of heads of enterprises and legal entities is defined in Articles 191 (Misappropriation, embezzlement or seizure of property through malfeasance), 2091 (Deliberate violation of the law on prevention and counteraction to legalisation (laundering) of proceeds from crime, terrorist financing, and financing of weapons of mass destruction), 210 (Misuse of budget funds, implementation of budget expenditures or provision of loans from the budget without established budget allocations or with their excess), 354 (Receiving of illegal benefits by an employee of a state enterprise, institution or organization), 357 (Stealing, appropriation, or extortion of documents, stamps and seals, or acquiring them by fraud or through malfeasance, or endamage of same), 364 (Abuse of authority or position), 3641 (Abuse of powers by an official of a private law legal person, irrespective of its organisation and legal form), 3652 (Abuse of power by persons providing public services), 3662 (Declaring false information), 3663 (Failure of the subject to declare the declaration of the person authorized to perform the functions of the state or local self-government), 368 (Accepting an offer, promise or receiving an improper advantage by an official who occupies a responsible position), 368-3 (Bribery of official of legal entity under the private law, regardless of its legal form), 3684 (Bribery of a person providing public services), 3685 (Unlawful enrichment), 369 (Proposal, promise or providing an improper advantage to an official), 3692 (Abuse of influence) of the Criminal Code of Ukraine.

- ***Definition of jurisdiction over criminal offences and conditions for the confiscation of material gain and proceed from crime;***

Article 216 (Investigative jurisdiction (competence)) of the Criminal Procedure Code of Ukraine defines the powers of investigative bodies of the National Police of Ukraine, bodies of the State Bureau of Investigation of Ukraine, detectives of the ESBU, detectives of the National Anti-Corruption Bureau of Ukraine to conduct pre-trial investigations of criminal offences under the Criminal Code of Ukraine.

- ***Definition of arrangements for cooperation with the EU Member States in the investigation, the prosecution and the enforcement of the penalties.***

The mechanism of cooperation between the State Audit Service of Ukraine (SAS) and the European Anti-Fraud Office (OLAF) for the protection of the financial interests of the European Union by combating fraud, corruption and any other illegal activity is defined by the Administrative Cooperation Arrangement between the European Anti-Fraud Office (OLAF) and the State Audit Service of Ukraine (SAS), which was signed on 27 March 2023.

The SAS actively cooperates with OLAF, providing all necessary assistance to prevent and combat fraud, corruption and any other illegal activities through mutual administrative assistance and joint legal support.

The procedure for exchanging information within the framework of international cooperation in criminal proceedings is carried out in accordance with Section IX of the Criminal Procedure Code of Ukraine.

Pursuant to clause 4 of Article 93 of the CPC of Ukraine, evidence may be obtained on the territory of a foreign state by the ESBU detectives as a result of international cooperation in criminal proceedings.

Cooperation on mutual legal assistance in criminal matters with EU Member States is regulated by both bilateral and multilateral international agreements, in particular, Ukraine has signed and ratified the European Convention on Mutual Assistance in Criminal Matters of 1959 (the “European Convention”), as well as the Additional Protocol of 1978 and the Second Additional Protocol of 2001 to this Convention, which provides for, inter alia, the exchange of information/tax information, documents, etc.

In addition, in accordance with paragraph 1 of Art. 544 of the CPC of Ukraine, it is provided that in the absence of an international treaty of Ukraine, international legal assistance or other cooperation may be provided on the basis of a request from another state or requested on the basis of reciprocity.

It should be noted that the ESBU detectives, prior to sending a request for international legal assistance in order to narrow down the circle of suspicious persons or acts, send requests through Europol, Interpol, embassies, the Ministry of Foreign Affairs and other possible instruments.

In accordance with the provisions of the Agreement on Operational and Strategic Cooperation between Ukraine and the European Police Office (ratified by Law № 2129-VIII of 12.07.2017), the ESBU is one of the competent authorities of Ukraine responsible for preventing and combating criminal offenses under national law. Thus, for the purpose of prompt exchange of information, the ESBU works with requests through the network application of the European Police Office SIENA.

• *Does national legislation include provisions ensuring that information and evidence produced by Commission's investigators receives an equal treatment in line with requirements of Article 325 of the EU Treaty?*

According to part two of Article 1 of the Criminal Procedure Code of Ukraine, the criminal procedure legislation of Ukraine consists of the relevant provisions of the Constitution of Ukraine, international treaties ratified by the Verkhovna Rada of Ukraine, this Code and other laws of Ukraine.

Section IX of the Criminal Procedure Code of Ukraine regulates international cooperation in criminal proceedings.

According to Article 542 of the Criminal Procedure Code of Ukraine, international cooperation in criminal proceedings consists of taking the necessary measures to provide international legal assistance by serving documents, performing certain procedural actions, extraditing persons who have committed a criminal

offence, temporarily transferring persons, taking over criminal prosecution, transferring convicted persons and executing sentences. An international treaty of Ukraine may provide for other forms of cooperation in criminal proceedings than those provided for in this Code.

According to Article 550 of the Criminal Procedure Code of Ukraine, documents sent in connection with a request for international cooperation, if they are drawn up, certified in the appropriate form by an official of the competent authority of the requesting party or the requested party and affixed with the stamp of the competent authority, are accepted in Ukraine without additional certification (legalisation) if this is provided for by an international treaty of Ukraine.

The information contained in the materials obtained as a result of the actions provided for in the request for international cooperation by the authorities of a foreign state and in accordance with the procedure provided for by the legislation of the requested state does not require legalisation and is recognised by the court as admissible if the principles of fair trial, human rights and fundamental freedoms were not violated during their receipt.

In addition, Article 561 of the Criminal Procedure Code of Ukraine provides that any procedural actions provided for by this Code or an international treaty may be carried out in Ukraine in order to execute a request for international legal assistance.

The Office of the Prosecutor General shall request international legal assistance in criminal proceedings during the pre-trial investigation and shall consider relevant requests of foreign competent authorities, except for pre-trial investigation of criminal offences falling under the jurisdiction of the National Anti-Corruption Bureau of Ukraine, which in such cases shall perform the functions of the central body of Ukraine.

The Ministry of Justice of Ukraine submits court requests for international legal assistance in criminal proceedings during court proceedings and considers relevant requests from foreign courts.

The Office of the Prosecutor General and the Ministry of Justice of Ukraine shall, within three days, send to the National Anti-Corruption Bureau of Ukraine the materials received (provided) within the framework of international legal assistance relating to financial and corruption criminal offences in the form of a reference (Article 545 of the Criminal Procedure Code of Ukraine).

• *Is the obligation to safeguard evidence and to actively cooperate and participate in the Commission's on-the-spot checks and inspections (including vis-à-vis economic operators) regulated in national legislation?*

The general principles of preserving evidence are regulated by the relevant norms of the Criminal Procedure Code of Ukraine.

In order to establish the Procedure for the implementation of the mechanism of interagency interaction of the SAS as the National Contact Point for organizing interaction with the European Anti-Fraud Office (OLAF) and to settle the issues of cooperation and involvement of public authorities of Ukraine in conducting an administrative investigation (inspection and on-spot checks) by OLAF the the SAS has developed draft amendments to the relevant Government's Resolutions of February 3, 2016 № 43 and of October 25, 2017 № 1110 which according to the subordination was sent it to the Ministry of Finance of Ukraine for further submission to the Cabinet of Ministers.

• Has a national anti-fraud coordination service (AFCOS) been designated or established as a single contact point for the Commission? Does it have a comprehensive legal basis that defines its tasks and responsibilities and cooperation arrangements with the European Commission? Does AFCOS have sufficient staff and administrative capacity? Does it have a track record of operations over a period of time?

The National Contact Point for the organization of interaction with the European Anti-Fraud Office (OLAF) and the European Court of Auditors (ECA) on the implementation of Title VI of the Association Agreement and its Annexes (hereinafter - the NCP) has been established. The performance of functions of the NCP is imposed on the the SAS according to the Government's Resolution № 1110 of October 25, 2017 "On the introduction of a national coordination mechanism for the interaction of state authorities for the purpose of protecting the financial interests of Ukraine and the European Union" (hereinafter - Government's Resolution № 1110) which also defined the tasks and functions of the NCP, in particular:

ensuring that the European Anti-Fraud Office OLAF is informed about the facts of fraud, corruption or any other illegal activity that may affect the interests of the European Union;

obtaining and summarizing information about possible violations during the use of EU financial assistance in Ukraine and ensuring full transfer to the competent authorities of Ukraine and the EU;

interaction with state authorities on matters of consideration of official requests regarding the existence of facts of violation of the requirements of the legislation, the Association Agreement, other international agreements concluded between Ukraine and the EU in the field of EU external aid, contracts, the implementation of which is carried out with the support of the European Union;

formation of proposals regarding the improvement of the mechanism for preventing fraud, combating it and other violations that affect the financial interests of Ukraine and the EU, etc.

In order to implement the requirements of the EU acquis, the the SAS is taking all necessary steps to broaden the functions of the NCP to a full-fledged Anti-Fraud Coordination Service (AFCOS) in Ukraine and to contribute to the proper

implementation of the Title VI of the Association Agreement and its Annexes XLIII and XLIV.

On March 27, 2023, an Administrative Cooperation Arrangement between the European Anti-Fraud Office (OLAF) and the the SAS was signed. The signing of the Administrative Cooperation Arrangement establishes the framework for cooperation between the the SAS and OLAF in accordance with their powers to protect the financial interests of the European Union by combating fraud, corruption and any other illegal activity, to ensure the optimal use of available resources.

On August 31, 2023, by the initiative of the the SAS as the NCP, a meeting of the Interagency Coordination Council for countering violations affecting the financial interests of Ukraine and the EU (the Interagency Coordination Council was created and operates under the provisions approved by the Government's Resolution № 1110), was held with the participation of heads of 17 state authorities, including 7 law enforcement agencies. Based on the results of the meeting of the Interagency Coordination Council, it was decided to develop the Procedure for implementing the mechanism of interdepartmental interaction of the the SAS as the National Contact Point for the organization of interaction with the European Anti-Fraud Office as well as to establish a Working Group to develop legislation on the protection of the financial interests of the EU, in which, in particular, to envisage the development of mechanisms for detecting violations of the use of EU structural funds.

The the SAS has developed draft amendments to the relevant Government's Resolutions of February 3, 2016 № 43 and of October 25, 2017 № 1110 which introduces a mechanism for interdepartmental interaction of the the SAS as an NCP on the fulfillment of obligations in accordance with the Title VI "Financial Cooperation, with Anti-Fraud Provisions" Association Agreement (establishment of the AFCOS Network).

The adoption and further implementation of the Resolution will facilitate effective cooperation and information exchange with OLAF will (1) ensure the creation of an effective mechanism of interdepartmental interaction of the the SAS as the NCP and state authorities to prevent and fight fraud, corruption and other illegal activities that may negatively affect the financial interests of Ukraine and the European Union and (2) introduce the submission to the NCP of the non-compliance notices on signs of violation, illegal use of EU resources in Ukraine which may harm the financial interests of the EU.

The adoption of the aforementioned amendments will also contribute to the transition from the functions of the NCP to the functioning of a full-fledged AFCOS.

Currently, this draft resolution has passed regulatory approval procedures with the relevant stakeholders and according to the subordination was sent to the Ministry of Finance of Ukraine for further submission to the Cabinet of Ministers.

To strengthen the institutional capacity of the SAS as an NCP, the SAS initiated amendments to the Resolution of the Cabinet of Ministers of Ukraine № 85 of April 5, 2014, which, inter alia, regulates the maximum number of employees of

the apparatus and territorial bodies of central executive bodies, other state bodies. The adoption and further implementation of the Resolution will enable to increase in the number of employees and improve the organizational structure of the NCP in order to effectively distribute tasks and divide the functions, in particular, expanding a separate structural unit responsible for contacting and working with OLAF and processing of reports on the non-compliance in the AFCOS network.

The SAS as a National Contact Point actively cooperates with OLAF on a case-by-case basis, providing all necessary assistance to prevent and combat fraud, corruption and other illegal activities through mutual administrative assistance and joint legal support.

On March 20, 2024, the Agreement between Ukraine, on the one hand, and the European Union, on the other hand, was signed in Brussels on Ukraine's participation in the Union's anti-fraud program, which will facilitate the strengthening of measures to build the institutional capacity of the SAS and the functioning of the NCP as well as create the opportunities to strengthen the national anti-fraud structure and improve the capacities of involved relevant authorities.

The Ministry of Internal Affairs also considered the Procedure for Realization of the Mechanism of Interagency Cooperation of the SAS as the National Contact Point for Organizing Cooperation with the European Anti-Fraud Office (OLAF), sent by the SAS, and provided its comments.

On a regular basis, the Department of International Police Cooperation of the National Police of Ukraine, as the National Contact Point for Cooperation with Europol (hereinafter referred to as the NCP), exchanges both strategic and operational information on combating different types of fraud (tax, budget, Internet, etc.). Europol's SIENA channel is most often used to fulfill the tasks assigned to the NCP. In accordance with the Agreement between OLAF and Europol on Strategic Cooperation of 2003, the NCP exchanges strategic information (without transferring personal data) with the European Anti-Fraud Office (OLAF).

• Has a national anti-fraud structure, involving relevant authorities in the field of protection of the EU's financial interests and fight against fraud, including AFCOS, been officially nominated?

The national mechanism for coordinating the interaction of public authorities to protect the financial interests of Ukraine and the European Union was established by the Regulation of the Cabinet of Ministers of Ukraine № 1110 dated October 25, 2017 “On the introduction of a national mechanism for coordination of interaction between public authorities to protect the financial interests of Ukraine and the European Union” and established the Interagency Coordination Council for countering violations affecting the financial interests of Ukraine and the EU (hereinafter – the Interagency Coordination Council), which is a temporary advisory body of the Cabinet of Ministers of Ukraine. The main tasks of the Interagency Coordinating Council, in particular, are:

assistance in ensuring coordination of actions of executive authorities on detection and counteraction to facts of fraud with financial resources and services of the European Union provided to Ukraine on a free and irrevocable basis in accordance with international treaties; ensuring the interaction of the activities of state bodies, local governments, enterprises, institutions and organizations related to the implementation of the provisions of Title VI “Financial Cooperation and AntiFraud Provisions” of the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their Member States, on the other hand (hereinafter – the Association Agreement);

preparation for submission to the Cabinet of Ministers of Ukraine of agreed positions on amendments to legislation in order to improve the mechanism for detecting, investigating and preventing fraud with financial resources and services of the European Union, which were provided to Ukraine on a free and irrevocable basis in accordance with international treaties, and to optimize the process of combating fraud;

control over the state of fulfillment of obligations on the implementation of Title VI “Financial Cooperation, with Anti-Fraud Provisions” of the Association Agreement, etc.

Members of the Interagency Coordination Council involved in countering violations that affect the financial interests of Ukraine and the EU are officials of 17 public authorities, in particular: Deputy Prime Minister for European and EuroAtlantic Integration of Ukraine, Cabinet of Ministers of Ukraine, Government Office for Coordination of European and Euro-Atlantic Integration, State Audit Service of Ukraine (serves as the National Contact Point), Ministry of Internal Affairs, Ministry of Justice, Ministry of Foreign Affairs, Ministry of Finance, General Prosecutor's Office, Security Service, National Agency for Civil Service, State Financial Monitoring Service, Economic Security Bureau, State Tax Service, State Customs Service, Accounting Chamber, National Police, National Anti-Corruption Bureau, Foreign Intelligence Service.

• Is there satisfactory cooperation between the competent national authorities and the Commission, including satisfactory cooperation during on-the-spot checks carried out by the Commission and the exchange of information? Is there already a solid track record of investigation activities and on-the-spot checks between competent national authorities and the Commission?

The SAS as the National Contact Point actively cooperates with the European Anti-Fraud Office OLAF, providing all necessary assistance to prevent and combat fraud, corruption and other illegal activities, through mutual administrative assistance and joint legal support.

The SAS swiftly informs the European Anti-Fraud Office OLAF if it becomes aware of the existence of credible reports of fraud, corruption or any other illegal

activity that may affect the interests of the European Union, including relevant information transmitted to the SAS by the competent authorities in Ukraine.

According to the results of informing the SAS of OLAF about the facts of possible fraud, a mission of OLAF representatives to Ukraine took place in 2023. In the course of the on-the-spot checks, the SAS, as the National Contact Point, provided assistance in conducting such investigations in accordance with the provisions of Article 6 of Annex XLIII of the Association Agreement and the provisions of paragraph 4 of the Administrative Cooperation Arrangement. This laid a solid foundation for further practical implementation of cooperation with OLAF. In addition, there is constant working communication between OLAF and the National Contact Point and assistance is provided in obtaining information necessary for OLAF to carry out investigations – requests are sent to the authorities to which the issue belongs.

The SAS is involved in a number of joint training and educational projects, that contribute to the process of improving the mechanism for preventing and combating fraud.

In order to promote the effective mechanism for protecting the financial interests of the European Union, the SAS is working on the preparation of the appropriate legislative and regulatory framework and is studying the issue of possible cooperation in this area with European colleagues.

As National Contact Point SAS of Ukraine took part in the AFCOS seminar held on September 11-13, 2023 in Budva, Montenegro, where it adopted the best practices in the field of anti-fraud, especially in relation to reporting and management irregularities, prevention and investigation of fraud, corruption and any other illegal acts that significantly affect the financial interests of the European Union.

Based on the results of the SAS request to OLAF regarding organizing of the extended training and exchange of experience with the aim of improving cooperation and increasing the effectiveness of the protection of EU financial interests in Ukraine, from 19 to 21 February 2024 in Brussels, Kingdom of Belgium OLAF training for Ukrainian Anti-Fraud Authorities, was held.

At the initiative of the SAS, representatives from other Ukrainian authorities that belong to the so-called future AFCOS network were involved in the event - the Ministry of Finance, Secretariat of the Cabinet of Ministers of Ukraine, Prosecutor General's Office, National Agency of Corruption Prevention, Economic Security Bureau, State Customs Service and Accounting Chamber.

The event helped to update knowledge, strengthen Ukrainian experience and acquire new skills in the field of combating, preventing and investigating fraud, corruption and any other illegal activities affecting the financial interests of the European Union, as well as improve the effectiveness of the SAS as a National Contact Point for organizing interaction with OLAF. OLAF experts held a series of informative presentations, where they outlined the general structure and

organization of the European Anti-Fraud Office (OLAF), identified the role of the AFCOS network, and also elaborated on the aspects of cooperation with non-EU countries and international organizations. A separate topic of discussion was the ways of financing the EU for Ukraine and measures to combat fraud within the framework of the Ukrainian Facility program. In addition, they shared the latest achievements and practical cases in the field of anti-fraud and best practices of cooperation between member countries and OLAF in investigations.

From 04 to 08 December 2023, within the framework of the European Union's technical assistance and information exchange tool TAIEX, an expert mission was conducted for specialists of the SAS of Ukraine, as the National Contact Point for organising interaction with the European Anti-Fraud Office (OLAF), aimed at studying the best practices of the Republic of Latvia and Romania in the field of introducing national coordination mechanisms to improve the interaction of public authorities to protect financial interests. In 2024, an expert mission is planned to be conducted to approximate national legislation to the relevant provisions of the EU *acquis communautaire* in the field of financial protection of the European Union.

Also in March 2024, representatives of the SAS took part in an online training on “Functions of the Rural Support Service of the Republic of Latvia (RSS) and the Central Finance and Contracting Agency of the Ministry of Finance of the Republic of Latvia (CFCA) as bodies authorized to distribute EU funds. Regulation of liability for fraudulent actions with EU funds in the national legislation of the Republic of Latvia, the actions of the RSS and CFCA in case of violations and suspicions of fraud” which was organized by the Ministry of Finance of the Republic of Latvia as the Anti-Fraud Coordination Service (AFCOS) in cooperation with the Economic Security Bureau of Ukraine to promote the creation and implementation of a system for protecting the financial interests of the EU.

• Has the country established its structure for reporting of irregularities and suspected fraud cases, introduced the use of the Irregularity Management System and adopted reporting procedures? Does the country regularly communicate suspected cases of irregularities and fraud to the Commission? Has the country already created a track record?

The submission of information on signs of violations, misuse of EU resources in Ukraine and that may prejudice the financial interests of the EU to the National Contact Point by sending notifications of non-compliance, as well as reporting on these violations, are reflected in the provisions of the draft Procedure for the implementation of the mechanism of interagency cooperation of the SAS as the National Contact Point for organizing cooperation with the European Anti-Fraud Office (OLAF), which was developed by the SAS. The said draft Procedure is being prepared for submission to the Ministry of Finance of Ukraine for further consideration by the Government.

In November 2023, the SAS improved the process of receiving notifications by the NCP by placing a banner on the website of the SAS (<https://dasu.gov.ua/ua>)

“Violations with EU funds were detected. Leave a message” and posted a form for receiving reports on violations/fraud with European Union funds (<https://dasu.gov.ua/ua/plugins/userPages/3684>).

Currently the SAS as a National Contact Point actively cooperates with OLAF on a case-by-case basis, providing all necessary assistance to prevent and combat fraud, corruption and other illegal activities through mutual administrative assistance and joint legal support.

• *Has the country prepared and adopted a national anti-fraud strategy, including the protection of the EU's financial interests, and a corresponding action plan for its implementation?*

Currently, a draft national anti-fraud strategy is being developed, which will be considered at the next meeting of the Working Group on the development of legislation to protect the financial interests of the EU the second half of 2024, with the aim of further approval by its members of the Interagency Coordination Council.

One of their measures, provided for by the draft of the mentioned strategy, is the establishment of deadlines, responsible persons for the development of national legislation on liability for fraud that affects the EU budget, in particular, changes to the Criminal Procedure Code, the Criminal Codes of Ukraine.

Moreover, the SAS ensured progress in the development of the AFCOS network, in particular:

the procedure for submitting information on signs of violations, improper use of EU resources in Ukraine, which may harm the financial interests of the EU, to the National Contact Point by sending notices of non-compliance has been developed and is being prepared for submission to the Government, as well as provisions for reporting on the specified violations have been established;

the process of receiving notifications by the National Contact Point for the organization of interaction with OLAF has been improved and is functioning by placing a banner on the website of the SAS (<https://dasu.gov.ua/ua>) “Violations with EU funds have been detected. Leave a message” with the placement of the appropriate form for receiving notifications of violations/fraud with the funds of the European Union (<https://dasu.gov.ua/ua/plugins/userPages/3684>).

In order to implement the Agreement between Ukraine, on the one hand, and the European Union, on the other hand, on Ukraine's participation in the Union's anti-fraud program, which was signed on March 20, 2024, relevant applications are being prepared for participation in 2 competitions aimed at building institutional capabilities of the National Contact Point.

In addition, with the participation of OLAF representatives, international experts from Croatia, Romania, and Latvia, training was provided for responsible officials of the SAS on interaction with OLAF, development of the AFCOS network.

The application of the SAS to participate in the TAIEX program for the protection of EU financial interests was approved.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

While an anti-fraud coordination service (AFCOS) has not yet been established to facilitate effective cooperation and exchange of information, including of an operational nature, with the European Anti-Fraud Office (OLAF), the SAS was nominated as the national contact point for cooperation with OLAF and the European Court of Auditors. Although its mandate is limited at the national level in this capacity. There is no corresponding AFCOS network of authorities involved in the protection of the EU's financial interests, but a national mechanism was designated through the setup of the Interdepartmental Coordination Council which needs to meet regularly to become effective. While Ukraine does not manage EU funds directly and thus does not report irregularities through the Irregularities Management System, the SAS has developed procedures to prevent and report violations, errors and fraud to relevant bodies, including the European Commission. Collaboration between OLAF and relevant institutions is on a case-by-case basis.

Information on anti-corruption mainstreaming

Chapter 32 - Financial control: reference to anti-corruption through PAR- and PFM-related aspects, such as managerial accountability, sound financial management, external audits of public funds, rules protecting the EU's financial interests against fraud in the management of EU funds and the Euro against counterfeiting.

● *introduction of sector specific anti-corruption action plan and related strategy*

I. The State Anti-Corruption Program for 2023-2025 was approved by Resolution of the Cabinet of Ministers of Ukraine dated March 4, 2023 № 220 (hereinafter - the Program). The main purpose of the Program is to achieve significant progress in preventing and combating corruption, ensuring the coherence and consistency of anti-corruption activities of all state bodies and local governments, as well as the proper process of post-war reconstruction of Ukraine.

Implementation of the Program will contribute to further work on Ukraine's membership in the EU, North Atlantic Alliance (NATO), Organization for Economic Cooperation and Development (OECD). The SAS has been designated as a co-implementer of some activities under the Programme.

In accordance with Article 19 of the Law of Ukraine “On Prevention of Corruption”, to Article 10 of the Law of Ukraine “On the Legal Regime of Martial Law”, Order of the National Agency on Corruption Prevention dated December 28,

2021 № 830/21 “On Improving the Process of Corruption Risk Management”, registered with the Ministry of Justice of Ukraine on February 17, 2022 under № 219/37555, taking into account the letter of the National Agency on Corruption Prevention of November 24, 2022 № 22-03/24055-22 “On the organization of work to prevent and detect corruption” in order to eliminate, minimizing corruption risks and updating the activities of the SAS adopted the order of the State Audit Service of 09.03.2022 № 75 “On approval of the Anti-Corruption Program of the State Audit Service for 2021-2024 years” (as amended by the order of the State Audit Service of 04.05.2023 № 121) (hereinafter - ACP of the SAS).

Internal documents of the SAS, which describe the procedures for preventing corruption and fraud risks during inspections, are published on the website of the SAS at the link: <https://dasu.gov.ua/ua/plugins/userPages/3242>, in particular:

the results of identification of corruption risks, levels of probability, implementation and consequences of corruption risks and levels of corruption risks, as well as measures of influence on corruption risks are indicated in the risk register;

table of estimated corruption risks and measures to eliminate them;

measures to prevent and counter corruption in the SAS, training measures and measures to disseminate information about anti-corruption programs.

Monitoring of the SAS's implementation of ACP is carried out at least once every six months. Detailed measures to combat corruption risks in the activities of the SAS, which are used on an ongoing basis, are documented and made public at the link: <https://dasu.gov.ua/ua/plugins/userPages/840>

Also, in order to ensure the implementation of the ACP of the SAS, the SAS approved the Regulations on conducting briefings on compliance with anti-corruption legislation (Order of 09.08.2021 № 268 as amended by Order of the State Audit Service of 13.02.2023 № 36).

II. Order of the ESBU dated 05.12.2022 № 357 (as amended) approved the Anti-Corruption Program of the Economic Security Bureau for 2023-2024, which is periodically reviewed and updated.

Order № 278 of the Economic Security Bureau of Ukraine dated October 12, 2023 amended the ESBU Anti-Corruption Program in terms of managing corruption risks, forming an institutional framework for such assessment and determining the documentary base, the analysis of which could provide a basis for developing conclusions and proposals

● *risk evaluation tools, capacity of oversight and internal control, capacity to prevent and repress corruption*

I. One of the effective risk assessment tools for preventing and stopping corruption is automatic risk indicators, on the basis of which the SAS monitors procurement procedures and which are uploaded to the auditor's cabinet in the e-procurement system.

Now, in order to increase the potential for preventing and stopping corruption, the SAS, with the support of the World Bank and together with the State Enterprise “Prozorro”, is updating automatic risk indicators as part of the implementation of the joint order of February 12, 2024 № 66/3757 “On Updating Automatic Risk Indicators in the Field of Public Procurement”.

Also, in order to minimize corruption risks, the SAS has developed appropriate checklists and provides support for quality control according to the ISO 9001 standard (available international certificate), risk monitoring during measures of state financial control.

II. The Order of the Economic Security Bureau of Ukraine dated August 05, 2022, № 175 “On the Working Group on Corruption Risk Assessment” approved the members of the relevant working group, which is subject to periodic review and clarification. The last changes were made by Order № 229 dated August 07, 2023 due to personnel changes in the ESBU.

By Order of the ESBU of July 14, 2023, № 218 “On Conducting an Additional Corruption Risk Assessment”, in order to establish the probability of corruption and corruption-related offenses by employees of the Economic Security Bureau of Ukraine, to establish the causes, conditions and consequences of possible corruption offenses, as well as to analyze the effectiveness of control measures taken to prevent the realization of corruption risks, it was decided to conduct an additional corruption risk assessment in the following 2.5 months after the adoption of the order.

The results of the identification of corruption risks, the probability of their realization, consequences and levels of corruption risks, as well as measures to influence corruption risks and stages of their overcoming are reflected in the new edition of the ESBU Risk Register, which is an appendix to the ESBU Anti-Corruption Program.

• *statutory rules and codes of ethics, conflict of interest rules, integrity testing, regulations on gifts, declaration of assets and interests*

I. Holding a public position requires certain behaviour and compliance with certain rules of ethical conduct, as well as the requirements of the legislation on prevention of corruption, in particular, in terms of prevention of corruption and corruption-related offences.

This issue is regulated in particular by the Laws of Ukraine “On Civil Service”, “On Service in Local Self-Government Bodies”, “On Prevention of Corruption” (sections IV, VI and VII), and the General Rules of Ethical Conduct for Civil Servants and Local Government Officials approved by Order of the National Agency of Ukraine on Civil Service on August 05, 2016 № 158 (as amended by the order of the National Agency of Ukraine on Civil Service of April 28, 2021), which was registered with the Ministry of Justice of Ukraine on August 31, 2016. by № 1203/29333.

II. The ESBU Order № 129 of 30.06.2022 approved the Rules of Professional Ethics of the ESBU employees, which establish the basic moral and professional ethical principles and requirements for the behavior of public and private staff members who hold special ESBU titles and persons who have entered into an employment contract with the ESBU and its territorial departments, which they are obliged to follow when performing

● *whistle-blower protection mechanisms*

I. Order of the State Audit Service of 07.09.2020 № 251 approved the Procedure for processing in the SAS and its interregional territorial bodies of reports about possible facts of corruption or corruption-related offenses, other violations of the Law of Ukraine “On Prevention of Corruption”.

Also, in order to encourage whistleblowers and assist them in reporting possible facts of corruption or corruption-related offenses, other violations of the Law of Ukraine “On Prevention of Corruption” by the order of the State Audit Service of 06.04.2024 № 94 approved the Regulations on mechanisms for encouraging whistleblowers and the formation of a culture of reporting possible facts of corruption or corruption-related offenses, other violations of the Law of Ukraine “On Prevention of Corruption”.

In addition, in accordance with the requirements of the Law of Ukraine “On Prevention of Corruption” and in order to ensure the functioning of internal channels for reporting possible facts of corruption or corruption-related offenses, other violations of the Law of Ukraine “On the Prevention of Corruption” and the formation of a culture of such messages, the order of the SAS of 09.02.2024 № 34 “On the Definition of Internal Notification Channels” was adopted in accordance with which the SAS determined the form of notification of possible facts of corruption or corruption-related offenses, other violations of the Law of Ukraine “On Prevention of Corruption”, which is posted on the official website of the SAS at <https://dasu.gov.ua/ua/plugins/appealOfCitizens/reportOfCorruption>, defined electronic mailbox, a special telephone line of the public telephone network and a special telephone line of the internal telephone network for relevant messages.

At the same time, in accordance with part three of Article 53-1 of the Law of Ukraine “On Prevention of Corruption”, the Unified Whistleblower Reporting Portal functions as an information and telecommunication system that provides data exchange with the whistleblower via the Internet, collection, storage, use, protection, accounting, search, generalization of whistleblower messages, as well as other information, including the status of whistleblowers, the status and results of consideration of whistleblower messages. The unified portal began its work in accordance with the order of the National Agency on Corruption Prevention of 31.08.2023 № 190/23 “On the start of the Unified Whistleblower Reporting Portal”. The SAS is duly connected to the Unified Portal and uses it in its work.

The results of work with corruption reports submitted by whistleblowers to the SAS are made public at the link <https://dasu.gov.ua/ua/plugins/userPages/840>.

II. According to the ESBU Order № 44 “On Streamlining the Consideration of Whistleblower Reports” dated 05.03.2024, the Procedure for Organizing the Work with Reports of Possible Facts of Corruption or Corruption-Related Offenses, Other Violations of the Law of Ukraine “On Prevention of Corruption” in the Economic Security Bureau of Ukraine was set out in a new version. The Procedure defines internal procedures and mechanisms for accepting, reviewing, verifying and responding appropriately in the ESBU and territorial departments of the ESBU to a whistleblower's report of possible facts of corruption or corruption-related offenses and other violations of the Law of Ukraine “On Prevention of Corruption”. The mentioned Order was registered by the Ministry of Justice of Ukraine on 04.04.2024 under № 496/41841.

● ***procurement rules***

The purpose of monitoring procurement procedures is to prevent irregularities in the field of procurement, to identify violations of the law by customers that lead to distortion of the principles of public procurement, which are defined by Article 5 of the Law of Ukraine “On Public Procurement”, in particular, to prevent corruption and abuse.

Thus, the provisions of the national procurement legislation and anti-corruption legislation contain mechanisms for combating corruption in the field of procurement, in particular:

the grounds for refusing to participate in the procurement procedure (Article 17 of the Law of Ukraine “On Public Procurement”) are cases when:

- information about the legal entity that is a participant in the procurement procedure entered in the Unified State Register of persons who have committed acts of corruption or corruption-related offenses;

- an official (official) of a participant in the procurement procedure, who is authorized by the participant to represent his interests during the procurement procedure, an individual who is a participant was brought under the law to responsibility for committing an act of corruption or corruption-related offense;

- a legal entity that is a participant in the procurement procedure (except for non-residents) does not have an anti-corruption program or an anti-corruption program commissioner if the cost of purchasing good (goods), service (services) or works is equal to or exceeds UAH 20 million (including the lot);

Also, the Authorized Body ensures cooperation with public authorities and public organizations to prevent manifestations of corruption in the field of procurement (Article 9 of the Law of Ukraine “On Public Procurement”), etc.

In addition, the commissioners for the consideration of complaints about violations of legislation in the field of public procurement are officials who occupy a responsible and especially responsible position, for which special control is ensured in accordance with the Law of Ukraine “On Prevention of Corruption” (Article 513 of the Law of Ukraine “On Prevention of Corruption”), in particular, a complete verification of the declaration.

On a monthly basis the SAS forms statistical reports on the results of the measures of state financial control and places them in the public domain on the official website at the link <https://dasu.gov.ua/ua/plugins/userPages/53>.

● *public access to information and transparency tools, use of corruption-proofing legislation drafting methodology (using good law drafting to avoid creating corruption risks in draft legislation)*

The rules for public participation in measures to prevent corruption are defined in Article 21 of the Law of Ukraine “On Prevention of Corruption”.

In particular, public associations, their members or authorized representatives, as well as individual citizens in activities to prevent corruption have the right to conduct, order a public anti-corruption examination of normative legal acts and draft normative legal acts, submit proposals to the relevant authorities based on the results of the examination, receive information from the relevant authorities on the consideration of the submitted proposals.

The Law of Ukraine “On Transparency in the Use of Public Funds” also defines the conditions and procedure for providing access to information on the use of public funds by managers and recipients of state and local budgets, state and municipal business entities, and compulsory state social insurance funds.

Information on the use of public funds is published on a single web portal for the use of public funds in real time, including information on payment transactions on a single treasury account (<https://spending.gov.ua/new/>). The procedure for publishing this information is determined by the Cabinet of Ministers of Ukraine.

The information on the single web portal for the use of public funds is published in a manner that ensures free access to it, as well as the possibility of anonymous viewing, copying and printing of information.

In addition, pursuant to Article 55 of the Law of Ukraine “On Prevention of Corruption”, all draft legal acts submitted for consideration to the Cabinet of Ministers of Ukraine shall be subject to mandatory anti-corruption expert review, which shall be carried out by the Ministry of Justice.

The anti-corruption expertise of draft legal acts submitted to the Verkhovna Rada of Ukraine by MPs is carried out by the committee of the Verkhovna Rada of Ukraine responsible for anti-corruption.

The National Agency on Corruption Prevention may conduct, on its own initiative and in accordance with the procedure established by it, an anti-corruption

expertise of draft legal acts submitted to the Verkhovna Rada of Ukraine or the Cabinet of Ministers of Ukraine (<https://nazk.gov.ua/uk/antykoruptsijna-ekspertyza/>).

The Law of Ukraine “On Access to Public Information” defines the procedure for exercising and ensuring the right of everyone to access information held by public authorities, other public information managers as defined by this Law, and information of public interest.

In accordance with clause 2 of § 42 of the Regulations of the Cabinet of Ministers of Ukraine approved by Resolution of the Cabinet of Ministers of Ukraine № 950 dated 18 July 2007 (as amended by Resolution of the Cabinet of Ministers of Ukraine № 1156 dated 09 November 2011), for the purpose of public consultations, draft regulatory legal acts of the Cabinet of Ministers, together with materials thereto, are published by the developer on its official website, unless otherwise provided by law (<https://dasu.gov.ua/ua/plugins/userPages/1320>).

- ***quality of services, specialised anti-corruption training, recruitment standards***

In accordance with Article 20 of the Law of Ukraine "On Civil Service", the requirements for persons applying for civil service include requirements for their professional competence, which consist of general and special requirements.

In accordance with clause 5 of Article 48 of the Law of Ukraine "On Civil Service", civil servants' professional competence is upgraded during their service, and their qualification is upgraded at least once every three years.

One of the ways to improve the professional competence of civil servants is to improve their knowledge of legislation, attend trainings and self-education on corruption prevention.

In 2023, 138 civil servants of the SAS and 798 civil servants in the interregional territorial offices of the SAS were trained in corruption prevention. In the first quarter of 2024, 10 civil servants in the interregional territorial offices of the SAS underwent the same training.

In addition, in accordance with the Law of Ukraine “On Prevention of Corruption”, a special inspection is conducted against a person applying for a position upon his/her written consent (Article 57 “Procedure for Conducting a Special Inspection”).

In accordance with subclause 5 of clause 3 of the Procedure for Conducting a Special Vetting of Persons Applying for Positions of Responsibility or Particularly Responsible Position and Positions with High Corruption Risk approved by Resolution of the Cabinet of Ministers of Ukraine № 171 dated 25 March 2015 (as amended by Resolution of the Cabinet of Ministers of Ukraine № 959 dated 27 August 2022), the information on the applicant for a position is verified during the special vetting, in particular, by the National Agency on Corruption Prevention - as

to whether the Unified State Register of Persons Who Committed Corruption or Corruption-Related Offences contains information about the candidate for the position, as well as the accuracy of the information provided by the candidate for the position in the declaration of a person authorised to perform the functions of the state or local self-government for the previous year.

• ***track-record of referrals of abuses, embezzlement and corruption-related violations and crimes, trend/incidence of bribery cases in the sector***

The National Agency on Corruption Prevention administers the Unified State Register of Persons who have committed corruption or corruption-related offences, which is a portal containing information on all individuals and legal entities that have committed corruption offences (<https://corruptinfo.nazk.gov.ua/>).

The SAS has established and operates a unit responsible for processing citizens' appeals – Division of Information and Public Relations. The SAS has implemented the electronic document management system ASKOD, which allows to separate appeals related to violations of the legislation on corruption prevention.

The register of corruption reports is maintained by the Corruption Prevention and Detection Sector of the SAS in accordance with the Procedure for Processing Reports of Possible Facts of Corruption or Corruption-Related Offences, Other Violations of the Law of Ukraine “On Prevention of Corruption” in the SAS and its Interregional Territorial Bodies, approved by Order of the State Audit Service of Ukraine № 251 of 07.09.2020.

At the same time, in accordance with part three of Article 53-1 of the Law of Ukraine “On Prevention of Corruption”, the Unified Whistleblower Reporting Portal operates as an information and telecommunication system that provides data exchange with the whistleblower via the Internet, collection, storage, use, protection, accounting, search, summary of whistleblower reports, as well as other information, including the status of whistleblowers, the status and results of consideration of whistleblower reports. The Unified Portal was launched in accordance with the Order of the National Agency on Corruption Prevention of 31.08.2023 № 190/23 “On the Launch of the Unified Whistleblower Reporting Portal”. The SAS is connected to the Single Portal in accordance with the established procedure and uses it in its work.

• ***any major corruption risks in the sector and mitigating measures undertaken***

The Anti-Corruption Programme of the SAS for 2021-2024 (ACP of the SAS) has been developed in accordance with Article 19 of the Law of Ukraine “On Prevention of Corruption”. Taking into account the Regulations of the Cabinet of Ministers of Ukraine № 803 of October 05, 2016 “Some issues of preventing corruption in ministries and other central executive bodies”, № 576 of August 23,

2017 “On Approval of the Communication Strategy for Preventing and Combating Corruption”, and № 310 of May 10, 2018 “On Approval of the Concept for the Implementation of the State Policy in the Field of Reforming the State Financial Control System until 2020”, № 841 “On Approval of the Action Plan for the Implementation of the Concept for the Implementation of the State Policy in the Field of Reforming the State Financial Control System until 2020”, as well as the provisions of the methodology for Assessing Corruption Risks in the Activities of Public Authorities (approved by the decision of the National Agency for the Prevention of Corruption № 126 of December 2, 2016, registered in the Ministry of Justice № 1718/29848 of December 28, 2016), under the Methodological Recommendations for Preparing Anti-Corruption Programmes of Public Authorities (approved by the decision of the National Agency on Corruption Prevention № 31 of January 19, 2017), and the Procedure for Preparation, Submission of Anti-Corruption Programmes for Approval to the National Agency on Corruption Prevention and Implementation of their Approval (approved by the decision of the National Agency for the Prevention of Corruption № 1379 of December 08, 2017, registered in the Ministry of Justice № 87/31539 of January 22, 2018).

At the same time, the Anti-Corruption Programme was approved by the Order of the State Audit Service of Ukraine № 75 of March 9, 2021 (as amended by Orders № 121 of May 4, 2023, № 166 of June 07, 2023, № 250 of August 18, 2023).

The SAS has analysed corruption risks in its field of activity as a state financial control body and identified them in the register of corruption risks, which is an annex to the Anti-Corruption Programme.

The register of corruption risks is the result of the identification of corruption risks, levels of probability of implementation and consequences of corruption risks and levels of corruption risks, and also contains measures to influence corruption risks. In the course of the corruption risk assessment, based on the results of summarising information and proposals from internal and external stakeholders, the Corruption Risk Assessment Working Group of the SAS identified, analysed, determined the levels of corruption risks and measures to mitigate corruption risks. For each corruption risk mitigation measure, the Working Group identified the executors of such measures, the timeframe and the indicator of its implementation.

4. Protection of the euro against counterfeiting

Answers to the Guiding Questions

EU requirements: This Chapter covers non-penal aspects related to protection of the euro against counterfeiting. (Criminal aspects are covered in Chapter 24.)

● *Has the country ratified the 1929 Geneva Convention for the suppression of counterfeiting currency?*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

● *Is the relevant acquis transposed into national legislation? Key issues:*

- *Definition of counterfeiting, competent national authorities and procedures for gathering, storing, withdrawing from circulation and reimbursing or replacing any (suspected) counterfeit money;*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

- *Definition of the obligation for banks, economic entities and licensed exchange dealers to verify the authenticity and withdraw from circulation and transmit suspected counterfeits for analysis;*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

- *Definition of procedures for the domestic cooperation on counterfeiting and the cooperation with foreign banks and authorities;*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

● *Obligation to anyone who comes in contact with counterfeits to report on it to competent authorities;*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

● *Regulation of medals and tokens similar to euro coins;*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

• *Obligation for credit institutions, other payment service providers and any other institutions that process and distribute euro coins and euro notes to public to check the authenticity and fitness by applying a procedure of authentication by coin-processing machines, banknote handling machines or trained personnel;*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

• *Does the country have the necessary structures in place for technical analysis and classification of counterfeit money, including euro banknotes and coins (typically in the Ministry of Interior and the National Bank)?*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

• *How the cooperation between the two institutions is established and functioning? How is the cooperation with other involved institutions ensured (e.g. is there any administrative cooperation agreement)? Is there a shared electronic system for exchange, processing, analysis and reporting of cases? What is the track record of suspicious cases registered and investigated/reported?*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

• *Does the country take part in international cooperation, including cooperation with other countries in the region and/or Member States? Does the country have a formalised agreement with the Commission (on coins) and with the European Central Bank (on banknotes)? Does the country participate in the Pericles 2020 programme?*

Representatives of the NBU took part online in the seminar “Banknote Production at Banca d'Italia. Quality, Environment, Safety, and Security in the Printing Process” held by the Bank of Italy in October 2023.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

In 2023, 23 counterfeit euro banknotes were withdrawn from cash circulation of Ukraine, which was 3% of all counterfeit foreign currency banknotes withdrawn from cash circulation. EUR 50 and EUR 200 denominations accounted for 39% and 30%, respectively, of the total number of withdrawn counterfeit euro banknotes.

The NBU conducted 26 workshops and webinars on determining the authenticity and fitness for commerce for almost 5,500 bank cashiers with the aim of reinforcing the counteraction to counterfeiting of banknotes in 2023.

Under the Cooperation Agreement between the National Bank of Ukraine and the European Central Bank dated 25 May 2004, the NBU shares information on counterfeit euros withdrawn from circulation with the ECB on a monthly basis. The NBU receives from the European Central Bank updated information about security features of euro banknotes and new types of detected counterfeits.

Regarding the withdrawal of counterfeit money, the NBU has been working on a continuous basis with the Economic Security Bureau of Ukraine, the National Police of Ukraine, the Ministry of Internal Affairs of Ukraine, the Ministry of Justice of Ukraine, the European Central Bank, and other central banks from around the world.

2. GOOD NEIGHBOURLY RELATIONS AND REGIONAL COOPERATION

**Bilateral Relations with other
Enlargement Countries and
Neighbouring EU Member States**

ЄВРОП
УКРАЇНА

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ЄВРОПА

BILATERAL RELATIONS WITH OTHER ENLARGEMENT COUNTRIES AND NEIGHBOURING EU MEMBERSTATES

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

The Azerbaijani Party participates in the programmes, aimed at rehabilitating Ukrainian children, and takes an active part in humanitarian demining of the liberated territories of Ukraine. Despite supporting the sovereignty and territorial integrity of Ukraine, Azerbaijan has not joined the International Crimea Platform yet and avoids supporting pro-Ukrainian initiatives aimed at condemning the aggressor state within the framework of international organisations. Such a political position of Azerbaijan could be explained by Russia's influence on resolving the Armenian-Azerbaijani conflict and the existing allied relations between Azerbaijan and Russia. Since the full-scale Russian aggression against Ukraine, the first representatives of Azerbaijan (parliamentarians) visited Ukraine in April 2023. On September 9, 2023, the Foreign Ministry of Azerbaijan issued a statement on sham "elections" in certain territories of Ukraine. At the same time, the Azerbaijani Party has not condemned the so-called "presidential elections" conducted by Russia in the temporarily occupied parts of Ukraine's Donetsk, Luhansk, Zaporizhzhia, and Kherson regions, as well as in the Autonomous Republic of Crimea and the city of Sevastopol (March 15-17, 2024). **Azerbaijan** has provided substantial humanitarian assistance to our country, participated in the reconstruction of the infrastructure of the city of Irpin' heavily damaged as a result of the Russian aggression, and makes a significant contribution to ensuring Ukraine's energy security by supplying oil products and equipment.

Relations between Ukraine and **Armenia** remains under the influence of Armenia-Russia relations. Intensification of the Ukraine-Armenia dialogue began after the participation of the spouse of the Prime Minister of Armenia Anna Hakobyan in the III Summit of First Ladies and Gentlemen (Kyiv, 06.09.2023), during which Armenia provided the first (the one for today) humanitarian aid to Ukraine since the beginning of the war (equipment for educational institutions). Despite the difficult internal situation, 100,000 incoming people from Karabakh, Armenia's dependence on Russia in security, political, economic, energy and infrastructure spheres, Armenia has begun to demonstrate readiness to conduct a constructive bilateral dialogue with Ukraine. Several contacts at the highest and high levels took place. Also Armenia participated in two Peace Formula meetings (without joining joint statements/declarations) and expressed the readiness to participate in the Global Peace Summit. Armenia did not recognize so-called "referendums" organized by Russia on the temporarily occupied territories of Kherson, Zaporizhzhia, Luhansk and Donetsk regions of Ukraine. At the same time, Armenia recognized so-called elections of the president of the Russia in March 2024. Armenia continues to abstain or doesn't vote for pro-Ukrainian and condemning Russian resolutions on international platforms (there was a change of position within the framework of the UN from "against" to "abstain"/"not voting"), has not joined

the International Crimea Platform and other international initiatives, including related to the implementation of the points of the Peace Formula. The ratification of the Rome Statute (October 2023) is not considered as a direct anti-Russian step in view of its orientation against Azerbaijan, as well as the declaration by Armenian officials of the readiness to sign a separate agreement with Russia to make the arrest of Putin in Armenia officially impossible. Armenia has not joined the anti-Russian sanctions. The limitation on the import of certain categories of goods (2023) and the blocking of the "mir" payment banking system (2024) is a result of the pressure of Western countries and the risk of falling under secondary sanctions. At the same time, Armenia actively declares and promotes the European political course.

Georgia keeps supporting territorial integrity and sovereignty of Ukraine, pro-Ukrainian initiatives/resolutions, in particular the Peace Formula and the International Crimea Platform (President of Georgia S.Zourabichvili took part in the 3rd Summit of the Platform, August 23, 2023). On the other hand, the Georgian government refuses to provide any assistance to Ukraine and to join the vast majority of EU sanctions packages against Russia, but continues to provide financial support to Ukrainian temporarily displaced persons in Georgia. Georgia's economic reliance on Russia is on the rise. Since May 2023, when Georgia resumed direct air traffic with Russia, the number of direct flights to the Russian Federation has increased to 230+ per month. The Georgian authorities and MP's of the pro-government majority are systematically engaging in unfriendly rhetoric towards Ukraine and using the war in Ukraine for their own political purposes, aiming to demonstrate to the society that there is no alternative for Georgia to the so-called balanced policy of the Georgian government in relations with the Russian Federation. Moreover, Ukraine-Georgia relations are complicated due to the situation with Ukrainian citizen Mikheil Saakashvili, who is being detained in Georgia.

Turkey continues providing political support to Ukraine on bilateral and multilateral levels co-sponsoring pro-Ukrainian resolutions regarding the territorial integrity and sovereignty of Ukraine, within the UN General Assembly. Black Sea straits remain to be closed for Russian battle ships making impossible increasing of Russian military presence in the Black Sea. Following Russia's withdrawal from the Black Sea grain Initiative Turkey has become one of three countries allowing the passage of commercial vessels to and from Ukrainian ports within the framework of Ukrainian grain initiative. Turkey is a leader of pillar 2 "Food security" of the Peace Formula and takes active part in relevant discussions of its working groups. Turkey continues to be an active participant in the International Crimea Platform, contributing to humanitarian endeavours that seek the release of Ukrainian prisoners of war and the repatriation of Ukrainian civilians. Turkey did not join the sanctions imposed on Russia in response to the full-scale aggression against Ukraine and maintains economic and commercial relations with Russia. Nevertheless, in response to the pressure, Turkey prohibited the transit of specific categories of dual-use products to Russia.

Relations between Ukraine and **Albania** are based on the principles of trust, partnership and a high level of cooperation at both bilateral and multilateral levels.

The signing of the basic Treaty on Friendship and Cooperation on February 28, 2024 during the first visit of the President of Ukraine Volodymyr Zelenskyy to the Republic of Albania, became especially important. In 2023, the support of Ukraine was on the Albania's agenda while non-permanent membership in the UN Security Council. On September 20, 2023, during the meeting of the Security Council chaired by Edi Rama, as the presiding country, the Albanian Prime Minister defended the right of the President of Ukraine Volodymyr Zelenskyy to speak at the meeting. In addition, on September 20, 2023, the President of Ukraine Volodymyr Zelenskyy and the Prime Minister of Albania Edi Rama signed the Joint Declaration on the support of the Euro-Atlantic integration of Ukraine. As the presiding country in the Central European Initiative (CEI) (2024) and BSEC (January-June 2024), Albania actively supports Ukraine and its initiatives to oppose Russia's full-scale aggression against Ukraine. On February 28, 2024, on the initiative of the Prime Minister of Albania, Edi Rama, the "Ukraine-Southeastern Europe" Summit was held in Tirana, as a result of which the Joint Declaration was adopted. Albania consistently joins all EU sanctions packages against Russia, supports the creation of the International Register of Damages Caused by Russian Aggression and the Special Tribunal for the Crime of Aggression, the Peace Formula. Albania continues to provide substantial military and technical assistance to Ukraine. The political dialogue between the two countries intensified significantly in 2024. The opening of the Embassy of the Republic of Albania in Kyiv is expected.

There have been positive trends in political dialogue between Ukraine and **Bosnia and Herzegovina**. The two members of the Presidency paid a visit to Ukraine to participate in the Third Summit of the International Crimea Platform. They held meetings with the President, Prime Minister, and Head of the Parliament of Ukraine. Comprehensive dialogue and practical cooperation with Bosnia and Herzegovina are hampered by the different assessments of the Russian aggression against Ukraine by the members of the BiH Presidency. Bosnia and Herzegovina supported all the UN General Assembly resolutions condemning the Russian aggression against Ukraine and demanding to restore the territorial integrity and sovereignty of Ukraine. As an EU candidate country Bosnia and Herzegovina at the political level supports EU sanctions against Russia, yet its implementation is inconsistent. Bosnian-Herzegovinian governmental humanitarian, defence and financial assistance to Ukraine is at low level. Economic relations with Bosnia and Herzegovina are based predominantly on the trade of goods.

The cooperation between Ukraine and **Bulgaria** actively developed after the Parliament of Bulgaria approved a new Government in June 2023. There has been an intensive political dialogue at the high level. Bulgaria continued to support Ukraine, providing political, financial, humanitarian as well as military and technical assistance. On June 30, 2023, Bulgaria joined the core group regarding the establishment of the Special Tribunal on Russian Aggression. In July 2023 the Government and Parliament of Bulgaria declared support for Ukraine's membership in NATO. Bulgaria also joined the G7 Declaration of Support for Ukraine. Starting from July 2023, Parliament adopted several decisions crucial for further active

cooperation in the fields of economy, military and technical cooperation. Since July 2023 Bulgaria takes an active part in the implementation of the Peace Formula. In January 2024 Bulgaria expressed readiness to provide a venue for the Second Black Sea Security Conference to be held in Sofia on April 15, 2024. In February 2024 Bulgaria joined the Coalition for the Repatriation of Illegally Deported and Forcibly Displaced Ukrainian Children to Ukraine. Bilateral economic relations are actively developing. Bulgaria has become one of the most important destinations for Ukrainian exports in the EU. Bulgaria plays an important role in facilitating the export of Ukrainian agricultural products. Ukraine and Bulgaria agreed to expand cooperation in the energy sector.

Ukraine and the Republic of **Croatia** continue to develop friendly relations. Croatia demonstrates a high level of support for Ukraine in its fight against Russian aggression. The Croatian Government and Parliament are actively engaged in political dialogue with Ukraine. High level Croatian officials participate in bilateral and multilateral events aimed at demonstrating practical and political support for Ukraine. Croatia expressed its readiness to participate in the implementation of various points of the Peace Formula. There is active cooperation in the field of humanitarian demining and reintegration of the occupied territories. Croatia supports Ukraine's accession to the EU and NATO, implements EU sanctions against Russia, and co-sponsors Ukrainian resolutions in the UN General Assembly. Croatia continues to support temporarily displaced Ukrainians by granting them temporary protection status. Bilateral trade and economic relations continue to grow. Croatia agreed to assist in the export of Ukrainian agricultural products using Croatian ports on the Danube and the Adriatic.

Ukraine and **North Macedonia** enjoy excellent relations and have reached a high level of political dialogue and cooperation during the ongoing Russian war against Ukraine. North Macedonia fully supports Ukraine, co-sponsors most of Ukrainian resolutions in the UN General Assembly. As the EU candidate country, it joins all the EU sanctions against Russia, supports Ukraine's joining the EU and NATO, provides Ukraine with military-technical assistance, including heavy weapons, supports the establishment and creation of the Special Tribunal for the Crime of Aggression against Ukraine. During the OSCE Chairmanship in 2023 North Macedonia declared support of Ukraine as one of the top priorities. North Macedonia in August 2023 joined the G7 Joint Declaration of support for Ukraine. In autumn 2023 North Macedonia provided the training to the Armed Forces of Ukraine in the framework of EUMAM-UA. In February 2024 North Macedonia joined the International Coalition for the Return of Ukrainian Children Bring Kids Back UA & signed a Joint Declaration on Ukraine's Euro-Atlantic integration.

Ukraine and **Montenegro** have excellent relations. With the newly elected President of Montenegro, Jakov Milatović, and newly appointed Prime Minister of Montenegro, Milojko Spajić, in 2023, Montenegro continues to fully support Ukraine. Montenegro co-sponsors practically all UN resolutions condemning Russian aggression, consistently joins all EU sanctions against Russia as a candidate country, supports Ukraine's accession to the EU and NATO, and provides Ukraine

with humanitarian and military-technical assistance. Montenegro in August joined the G7 Joint Declaration of support for Ukraine.

Bilateral relations between Ukraine and **Serbia** have been good and friendly. However, since Russia's temporary occupation of Crimea and parts of the Donetsk and Luhansk regions in 2014, the Ukrainian-Serbian partnership has been limited in some areas. Declaring its respect for Ukraine's territorial integrity and sovereignty, Serbia has not yet joined the sanctions against Russia and has not introduced its own restrictive measures. Serbian Prime Minister Ana Brnabic addressed the Third summit of the International Crimea Platform in the form of a video address. Foreign Minister Ivica Dacic stated that Serbia "has not joined the Crimea Platform". Serbia has continued to provide humanitarian aid to Ukraine, including electrical equipment to help those affected by the Russian attack on the Kakhovka dam. Serbia is Ukraine's largest trading partner in the Western Balkans. However, the parties have not yet concluded negotiations on a free trade agreement and on Serbia's accession to the WTO. The status of the Ukrainian community in Serbia is in line with European standards. Since June 2023, the presidents of Ukraine and Serbia have met four times (3 meetings in 2023 – on 01 June in Chisinau, on 22 August in Athens and on 5 October in Granada, 1 meeting in 2024 on 28 February in Tirana). Video address of the Speaker of the Serbia Parliament Vladimir Orlic was presented at the Parliamentary Summit of the International Crimean Platform on 24 October 2023.

Ukraine has not recognised **Kosovo's** independence, but supports the EU-facilitated dialogue between Belgrade and Pristina. Kosovo condemned Russia's full-scale aggression against Ukraine and Russia's illegal recognition of the "independence" of the so-called "LPR" and "DPR". Kosovo joined the EU and US sanctions against Russia. In August 2023, Kosovo joined the joint statement of the G7 countries in support of Ukraine.

Ukraine and **Poland** maintain the strategic partnership between the two countries. The newly elected Parliament and Government of Poland have affirmed their commitment to continue providing unequivocal support to Ukraine. Ukraine was the destination of the first visits abroad of the Foreign Minister of Poland Radoslaw Sikorski and the new Prime Minister of Poland Donald Tusk. In March 2024, the Prime Minister of Ukraine Denys Shmyhal paid his first official visit to Poland and the two sides held the joint intergovernmental consultations. Poland's total assistance since February 2022 amounted to USD 5,8 billion, including military assistance totaling USD 3,5 billion. Poland has been an active participant of the Ukraine Defense Contact Group and its coalitions, as well as joined the Czech initiative to fund the purchase of artillery shells for Ukraine. Poland is a key logistical hub for the transfers of Ukraine bound assistance from all over the globe. The Polish Side conducts training for Ukrainian servicemen, provides medical treatment and rehabilitation for wounded servicemen of the Armed Forces of Ukraine. In August 2023, Poland became a co-leader in the implementation of the Energy Security point of the Peace Formula. Poland has demonstrated its unwavering support for Ukraine's membership in the EU and NATO. In January 2024, Poland also joined the G7 Declaration of Support for Ukraine, which would

result in the bilateral agreement on security cooperation. Poland is in favour of strengthening EU sanctions against Russia and Belarus and applies national restrictions against these countries. Poland has been an active member of the Core Group for establishing the Special Tribunal for the Crime of Aggression against Ukraine. In November 2023, Polish representative was elected to the Board of the Register of Damage Caused by the Aggression of the RF against Ukraine. In 2023 Poland ranked first in terms of the volume of bilateral trade in goods between Ukraine and European countries. Bilateral relations were somewhat overshadowed by the protests of Polish farmers and road carriers against the import and transit of Ukrainian agrifood products and against Ukrainian road transport services, which led to the blockade of the joint Ukraine-Poland border. Ukraine, Poland and the European Commission are doing their utmost to settle all current disputes in bilateral trade between the two states.

Good neighbourly relations between Ukraine and the **Slovak Republic** are developing constructively on a mutually beneficial base for both sides. The Slovak Republic supports the independence, sovereignty, and territorial integrity of Ukraine within its internationally recognized borders and its inherent right to self-defence, in accordance with the principles of international law and is a co-author of Ukrainian resolutions at the UN. However, Slovakia's government, led by Prime Minister Robert Fico (appointed on 25.10.2023) refuses to supply military aid to Ukraine, but has pledged to keep commercial contracts running and rejects Ukraine joining NATO because it would mean "nothing other than a basis for World War III." At the highest level, Slovakia's firm position regarding Ukraine as a prospective member of the EU remains unchangeable. Thus, Bratislava supported the decision to start negotiations on Ukraine's accession to the European Union on 14-15 December 2023. According to the Joint Statement of the Prime Ministers of Ukraine and the Slovak Republic from January 24, 2024, the sides "expressed support to the Peace Formula of President of Ukraine Volodymyr Zelenskyy". The representatives of Slovakia took part in the meetings of national security and foreign policy advisors on 5-6 August 2023 in Jeddah (Saudi Arabia); on 28 October 2023 in Valletta (Malta); and on 14 January 2024 in Davos (Switzerland). On 11 April Joint consultations between Ukrainian and Slovakia's governments took place. Slovakia's government and Slovak business declare its readiness to participate actively in the implementation of projects within the frameworks of the Ukrainian Recovery Plan. The Slovak Republic joined the Lithuania-led Demining Capability Coalition. Slovakia allocated funds to purchase two "Bozena-4" demining systems for demining liberated areas of the Kherson region. урядові консультації

Since the beginning of Russia's full-scale invasion to Ukraine, the **Czech Republic** has become one of Ukraine's closest partners in Europe, providing comprehensive and diverse political, economic, humanitarian, military and technical assistance to Ukraine in its fight against Russian aggression, taking a leading position in the EU in some areas. The Czech Republic makes a valuable contribution to strengthening Ukraine's defence capabilities, making it among the top 5 donors of military aid. Czechia's Government introduced a necessary framework to shelter

over 600 thousand of temporarily displaced Ukrainians on the territory of the Czech Republic. The Czech Republic adopted a national program for the reconstruction of Ukraine and took patronage over Dnipropetrovsk Oblast as part of Ukraine's reconstruction. An effective channel of communication on the humanitarian aid as well as infrastructural recovery projects of Ukraine was established in 2023 thanks to the active involvement of Czechia's Government Envoy for the Reconstruction of Ukraine. The Czech Republic has supported and co-sponsored the majority of resolutions on Ukraine within the UN and fully supports Ukraine's full-fledged membership in the European Union and NATO, including under the fast-track procedure. The Czech Republic has consistently supported the extension and strengthening of personal and sectoral sanctions against Russia at the EU level. On 31 May 2023, the Senate of the Czechia's Parliament adopted a resolution calling for deepening Ukraine's integration into NATO even before the official initiation of the accession procedure. The resolution also states the need to continue supplies of weapons and military equipment to Ukraine in close coordination with NATO partner states. Support for Ukraine, its reforms and European aspirations are declared in the current government's political documents. On 01 March 2023, the Czech government approved amendments to its work program, paying special attention to Ukraine's support and deterring Russian aggression.

Bilateral relations with **Hungary**, negatively affected by the Hungarian reaction to Ukrainian legislation on education and language, worsened after Russian full-scale attack on Ukraine due to Hungary's ambiguous position on Russian aggression. Hungary has condemned the Russian invasion, supported the restoration of territorial integrity and sovereignty of Ukraine, supported all UN resolutions regarding Ukraine and most decisions on Ukraine within EU and NATO, voted for EU sanctions against Russia, joined the "Grain from Ukraine" initiative with about 3.5 million USD and provides significant humanitarian aid to Ukraine. In August 2023, the President of Hungary, Katalin Novak, took part in the Third Forum of the International Crimea Platform and publicly expressed her interest in implementing points 2 and 10 of the Peace Formula. The Hungarian government refuses to provide any weapons and military equipment to Ukraine and prohibits their direct transit to Ukraine, continues to maintain government and business contacts with Russia and Belarus, openly speculates on the topic of peace, positioning itself as the only supporter of peace among the EU countries, heavily criticises EU sanctions policy, often makes anti-Ukrainian statements. Hungary was the only EU country to abstain from voting on the establishment of a mission to train Ukrainian troops in the EU, and is thus the only country not to participate in this mission. At the same time, 140 Ukrainian combat medics were trained in Hungary in 2022-2023. Ukrainian demining experts also attended 12 courses with the support of Hungary. 30 Ukrainian wounded soldiers were treated in Hungary. In February 2024, Hungary confirmed its readiness to join the team of the 4.5.0 Recovery Centre, which was established to support and recover Ukrainian defenders, civilians and children affected by Russian armed aggression. Hungary is also waging a discrediting campaign against Ukraine in relation to the rights of national minorities and

threatens to block practical opening of EU's accession negotiations with Ukraine and Ukraine's EU accession. Ukraine is making every effort to solve the issue of ensuring the rights of the Hungarian national minority in our country. To this end, Ukraine initiated the renewal of work of the Ukrainian-Hungarian working group on education. Ukraine also activated bilateral contacts on political level. On 29 January 2024 the visit of Minister of Foreign Affairs and Trade of Hungary Péter Szijjarto was organised to Uzhgorod to hold a trilateral negotiations between Dmytro Kuleba, Andrii Yermak and Péter Szijjarto. On 3 April 2024 a meeting between the Foreign ministers of Ukraine and Hungary was held in Brussels, on 4 April 2024 an online meeting of Ukrainian and Hungarian delegations was held to tackle the issue of ensuring the rights of the Hungarian national minority in Ukraine. In the nearest future Ukrainian delegation is supposed to visit Hungary to hold negotiations on national minorities' rights.

Ukraine and **Moldova** have long-standing good neighbourly relations, which strengthened during the ongoing Russian war against Ukraine. Moldova supports Ukraine, strongly condemns Russia's military invasion of Ukraine; provides shelter for over 115,000 temporarily displaced citizens of Ukraine; in every possible way facilitates the transit of critically important exports and imports to and from Ukraine. Ukraine and Moldova interact in matters of expanding the transit potential of goods, have an excellent political dialogue and support each other at the sites of international organisations. The closer ties between the Governments of Ukraine and Moldova create opportunities for the new economic projects. Ukraine traditionally supports Moldova and advocates a peaceful and diplomatic settlement of the Transnistrian conflict. European ambitions of the Governments and the Presidents of both countries gave an impetus for closer cooperation and setting new cooperation tracks. In September 2023, Ukraine and Moldova became associate partners of the Three Seas Initiative, which indicates that both countries are moving towards the EU and makes it possible to include both countries in European infrastructure projects. Moldova expressed its readiness to join the implementation of the Peace Formula. Moldova joined the sanctions packages imposed by the EU on the aggressor country. Ukrainian deminers are trained at the Humanitarian Demining Centre of the National Army of Moldova.

Ukraine and **Romania** enjoy extensive bilateral relations marked by a high-level political dialogue. Since the beginning of Russia's full-scale invasion of Ukraine, Romania has maintained a firm position in support of Ukraine and provides multi-dimensional assistance. Romania strongly condemns the ongoing Russia's war of aggression, consistently supporting all EU sanctions packages introduced against the aggressor. On 10 October 2023 President Volodymyr Zelenskyy and President Klaus Iohannis signed a Joint Statement which reflected the shared vision of strategic partnership between the two states. Romania fully supports Peace Formula and confirmed readiness to participate in implementing its "Radiation and Nuclear Security" and "Food Security" tracks. In July 2023 Romania formally joined the G7 Joint Declaration of support for Ukraine. Romania supports initiatives aimed at bringing Russia to account for its crimes of aggression, war crimes and

crimes against humanity committed on the territory of Ukraine. Romania joined a Core Group of countries working on establishment of the Special Tribunal for the Crime of Aggression against Ukraine. Romania has supported and co-sponsored the resolutions on Ukraine within the UN and other international organizations. Romania consistently supports Ukraine's strategic path towards full-fledged membership in the European Union and NATO. In June 2023, the Presidents of Ukraine and Romania signed a Joint Declaration on the Euro-Atlantic integration of Ukraine. Romania has joined the international humanitarian initiative "Grain from Ukraine", embraced development of EU Solidarity Lanes, and has been actively facilitating the transit of Ukraine's cereals in order to provide for global food security. On 18 August 2023 Prime Ministers of both countries signed a Joint Declaration on strengthening cooperation in ensuring reliable transit of goods originating in Ukraine. On 18 October 2023 the Inter-governmental Memorandum on strengthening cooperation in ensuring reliable transit of Ukrainian goods was signed. Romania continues to support temporarily displaced Ukrainian nationals by granting them temporary protection status. On the territory of Romania a logistics hub for civilian humanitarian aid is operation in Siret (Suceava region).

Since February 24, 2022, **Belarus** has participated in the full-scale Russian aggression against Ukraine. This participation in various forms continues to this day. Ukraine does not recognize Oleksandr Lukashenko as the president of Belarus. Ukraine is introducing sanctions against citizens of Belarus and Belarusian legal entities involved in supporting Russia's aggression against our country. The Ambassador of Ukraine to Belarus was recalled from Minsk in June 2023. Ukraine is conducting a large-scale revision of the contractual and legal framework with the Republic of Belarus. As of September 2023, about 150 bilateral agreements have already been terminated by the decision of Ukraine. We distinguish Oleksandr Lukashenko regime and the Belarusian people and welcome all the steps taken by the Belarusian opposition and democratic forces aimed at support of Ukraine in the fight against Russian aggression.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 2: Internal Market

CHAPTER 1 – Free Movement of Goods

EUROPEAN
COMMISSION

У К Р А Ї Н А

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Є В Р О П А

Answers to the Guiding Questions

Questionnaire – Chapter 1 Free Movement of Goods			
I. GENERAL PRINCIPLES – please choose the nearest answer to the current situation from the list or drop down options (as applicable). Complementary information may be provided as necessary.			
	No, none	Yes, but change planned ³²	Yes, no change currently foreseen ³³
1. Do measures exist in the laws, regulations or administrative provisions adopted at national or local level on the production, distribution and placing on the market of industrial products (add details in textual explanation):			
a. Relating to the price of products ³⁴ ?	<input type="checkbox"/>	<input type="checkbox"/>	x
b. Which require import licenses or permits for imported goods ³⁵ ?	<input type="checkbox"/>	<input type="checkbox"/>	x
c. Which make access to the domestic market conditional upon having an agent or representative in the territory of the country ³⁶ ?	<input type="checkbox"/>	<input type="checkbox"/>	x
d. Which oblige to have storage facilities in the territory of the country ³⁷ ?	x	<input type="checkbox"/>	<input type="checkbox"/>
e. Which impose on the placing on the market of imported products conditions that are different from those imposed on domestic products or which require/ encourage a certain type of packaging for marketing a product, whether domestic or imported ³⁸ ?	x	<input type="checkbox"/>	<input type="checkbox"/>

³² In complementary text more details on the nature of the provision should be stipulated, as well as when such a change is planned, and (if possible) what is planned (repeal of provisions/amendment to provisions/mutual recognition clause to be incorporated into provisions)

³³ In complementary text more details on the nature of the provision should be stipulated

³⁴ e.g. fixing the prices above or below which the importation or marketing of a product is prohibited or restricted, laying down profit margins or the other price components, etc.

³⁵ e.g. license for import of automobiles

³⁶ e.g. legislation which provides for the sale of certain goods in your country subject to authorisation that may be obtained only by a person established in your country

³⁷ e.g. legislation applying only to imported goods which require these imported goods to be stored for some time before being marketed

³⁸ Relating in particular to shape, size, weight, composition, presentation, identification and packaging, labeling (shape, size, composition) (e.g. requirement that some goods may only be sold in a package with special form)

f. Which oblige economic operators to label their product with a “Made in ...” marking ³⁹ ?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g. Which encourage or authorize the purchase of domestic products and/or give preference to the purchase of such products in advertising campaigns and/or are there incentives to buy national products ⁴⁰ ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Which exclude imported products in full or in part, from the possibility of using domestic facilities or equipment or which reserve the use of such facilities or equipment, in full or in part, for domestic products?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Which subject imported products to controls, other than those inherent in customs clearance procedures, that are not carried out on domestic products ⁴¹ ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Which allow only traders holding a production license or wholesale licence to import some goods ⁴² ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Which creates monopolies of sale of some goods (e.g. tobacco products, alcohol products, etc.)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Which reserve certain trade names for domestic products alone and, if so, on what conditions ⁴³ ?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Please provide extra details with regard to the question above, as necessary:			
2. Is the marketing of products with a label and instructions written in a foreign language allowed?	No, and this is not foreseen at this time		
Please provide extra details with regard to the question above, as necessary: Article 58 of the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their Member States, on the other hand, provides that the parties reserve the right to require that information on labels or markings be indicated in a particular language. According to the requirements of the technical regulations in force in Ukraine, the name			

³⁹ i.e. an obligatory origin marking

⁴⁰ e.g. promotion actions with the participation of public authorities applying only to goods produced by producers in your country or from domestic raw materials

⁴¹ e.g. veterinary, sanitary, phytosanitary and other controls

⁴² e.g. licensing system for the production and wholesale of some goods, which allow only the licence holder to import these goods

⁴³ e.g. rules which reserve the use of the description "mountain" to products prepared in your country from domestic raw materials

of the manufacturer or importer, their contact mailing address, registered commercial name or registered trademark (sign for goods and services) shall be indicated on the product, and if this is not possible, on its packaging or in a document accompanying such product, as well as product instructions shall be drawn up in accordance with the requirements of the law on the use of languages, which provides for the use of the state language, which is the Ukrainian language.

3. Is there a procedure set up for parallel imports⁴⁴?

Yes

Please provide extra details with regard to the question above, as necessary:

In terms of promoting the protection of intellectual property rights when moving goods across the customs border of Ukraine, the relevant provisions of the Customs Code of Ukraine have been brought in line with the provisions of Regulation (EU) No. 608/2013 of the European Parliament and of the Council of June 12, 2013 on the enforcement of intellectual property rights by customs authorities and repealing Council Regulation (EC) No. 1383/2003 (Law of Ukraine No. 202-IX dated 10/17/2019 "On Amendments to the Customs Code of Ukraine on the Protection of Intellectual Property Rights during the Movement of Goods across the Customs Border of Ukraine").

For reference:

1) The provisions of Regulation (EU) No. 608/2013 of the European Parliament and of the Council provide: "Infringements arising from the so-called illegal parallel trade and excess of the limit are excluded from the scope of Regulation (EC) No 1383/2003. Goods that are the objects of illegal parallel trade, namely goods manufactured with the consent of the right holder, but first put into circulation on the market of the European Economic Area without his consent, and excess of the limit, namely goods manufactured by a person duly authorized by the right holder to manufacture a certain quantity of goods exceeding the quantity agreed by such person and the right holder, are manufactured as original goods, so customs authorities should not focus their efforts on such goods. Thus, illegal parallel trade and exceeding the limit should also be excluded from the scope of this Regulation."

2) Paragraph 1 of part three of Article 397 of the Customs Code of Ukraine provides that measures to promote the protection of intellectual property rights provided for in part one of this Article shall not apply to original goods, i.e. goods manufactured with the consent of the right holder, or goods manufactured by a person duly authorized by the right holder to produce a certain quantity of goods, including in excess of the quantity agreed between that person and the right holder.

⁴⁴ Parallel imports are products that are imported and sold in a country without the permission of the trademark owner in that country

II. THE NON-HARMONISED AREA – *please choose the nearest answer to the current situation from the drop down options. Complementary information may be provided separately as necessary.*

A. The principle of the Free Movement of Goods

4. Have steps been taken to ensure that legislation and administrative practices are in accordance with Articles 34-36 TFEU and relevant case-law of the Court of Justice of the European Union, such as a plan or strategy to ensure compliance with Articles 34-36 TFEU and CJEU case-law?	This will be ensured in the next reporting period
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Please provide extra details with regard to the question above, as necessary:

B. Notification of Technical Regulations

5. Is the authority in question empowered to contact all authorities/bodies that produce technical regulations, to remind them of the obligation to notify such regulations at a draft stage and to ensure a follow-up of each notification with each authority/body concerned?	This is fully in place
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Please provide extra details with regard to the question above, as necessary:

6. Has the competent authority developed a network of contacts among national economic operators who are the beneficiaries of the notification procedure in order to ensure that an alert system or equivalent is in place?	This is fully in place
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Please provide extra details with regard to the question above, as necessary:

III. THE HARMONISED AREA – *please choose the nearest answer to the current situation from the drop down options. Complementary information may be provided separately as necessary.*

7. Has the government adopted a strategy and/or action plan that foresees the alignment to all the <i>acquis</i> in this chapter?	Such a strategy and action plan exists and it is being
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	<p>implemented (alignment is taking place) according to the deadlines foreseen</p>
<p>Please provide extra details with regard to the question above, as necessary:</p> <p>The Action Plan for the development of technical regulation system for the period until 2025 was approved by the Resolution of the Cabinet of Ministers of Ukraine of 22 September 2021 No. 1145 (https://zakon.rada.gov.ua/laws/show/1145-2021-%D1%80#Text).</p> <p>The Action Plan for implementation of the recommendations of the European Commission presented in the Ukraine's Progress Report on the European Union's 2023 Enlargement Package was approved by the Resolution of the Cabinet of Ministers of Ukraine of 09 February 2024 No. 133 (https://zakon.rada.gov.ua/laws/show/133-2024-%D1%80#Text).</p>	
<p>8. If it exists does the above-mentioned strategy and/or action plan included planning for the alignment to the relevant horizontal framework legislation, notably Regulation (EC) 765/2008⁴⁵, Decision 768/2008/EC, Regulation (EU) 2019/515⁴⁶, Directive 2001/95/EC⁴⁷ and/or Regulation (EU) 1025/2012, Directive 85/374/EEC⁴⁸?</p>	<p>Alignment to these legal acts is foreseen in an adopted strategy and action plan</p>
<p>Please provide extra details with regard to the question above, as necessary:</p> <p>Item 49 of the Action Plan for implementation of the recommendations of the European Commission presented in the Ukraine's Progress Report on the European Union's 2023 Enlargement Package, approved by the Resolution of the Cabinet of Ministers of Ukraine of 09 February 2024 No. 133, the Ministry of Economy of Ukraine is envisaged to develop and submit to the Cabinet of Ministers of Ukraine in 2024 a draft law amending the Law of Ukraine “On Accreditation of Conformity Assessment Bodies” in order to bring it in line with Regulation (EC) No. 765/2008 of the European Parliament and of</p>	

⁴⁵ The market surveillance provisions laid down in Regulation (EC) 765/2008 have been repealed and replaced by Regulation 1020/2019, which will apply as from 16 July 2021.

⁴⁶ Regulation (EU) 2019/515 of the European Parliament and of the Council of 19 March 2019 on the mutual recognition of goods lawfully marketed in another Member State and repealing Regulation (EC) No 764/2008, OJ L 91 of 29.3.2019, p. 1

⁴⁷ To be replaced by Regulation 2023/988 on General Product Safety as of 13 December 2024

⁴⁸ Council Directive 85/374/EEC of 25 July 1985 on the approximation of the laws, regulations and administrative provisions of the Member States concerning liability for defective products.

the Council of 09 July 2008 establishing requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No. 339/93.

The Cabinet of Ministers of Ukraine approved the Action Plan for the Development of the Technical Regulation System for the period up to 2025 by Order No. 1145 of 22 September 2021.

One of the measures therein is to implement Regulation (EU) 2019/1020 of the European Parliament and of the Council of 20 June 2019 on market surveillance and compliance of products and amending Directive 2004/42/EC and Regulations (EU) 765/2008 and 305/2011. The Ministry of Economy has developed a draft Law of Ukraine "On Amendments to Certain Laws of Ukraine on Improving State Market Surveillance and the Technical Regulation System in Accordance with the Requirements of the European Union", which was further updated after receiving the comments and recommendations of the EU provided after the assessment of Ukraine's quality infrastructure for the negotiations of Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA). Currently, it is being approved by the government bodies, and is expected to be submitted to the Parliament in the beginning of the next reporting period.

III.i. NEW LEGISLATIVE FRAMEWORK (NLF) – *please choose the nearest answer to the current situation from the drop down options. Complementary information may be provided separately as necessary.*

A. General Aspects

9. Is there a legal basis and administrative structure in place for technical regulations, standards, conformity assessment, accreditation, metrology, and market surveillance?	This is fully in place
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Please provide extra details with regard to the question above, as necessary:

The information on standardization provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

The legal and organizational framework for the development, adoption and application of technical regulations and the conformity assessment procedures provided for by them is set out in the Law of Ukraine "On Technical Regulations and Conformity Assessment" (<https://zakon.rada.gov.ua/laws/show/124-19#Text>).

According to this Law, the development, revision and implementation of technical regulations is carried out by state authorities responsible for technical regulation in the relevant areas of activity.

The central executive authorities and the Security Service of Ukraine, which are responsible for technical regulation in the relevant areas (currently, 17 state authorities are involved), are defined by the Government Resolution No. 1057 of 16 December 2015

<https://zakon.rada.gov.ua/laws/show/1057-2015-%D0%BF#Text>).

According to the Law of Ukraine "On Technical Regulations and Conformity Assessment" the Cabinet of Ministers of Ukraine, in particular:

ensures the implementation of the state policy in the field of technical regulation;

directs and coordinates the work of state authorities that are responsible for technical regulation in certain areas of activity;

approves technical regulations within its competence;

approves conformity assessment procedures, the application of which is provided for by technical regulations;

The central executive authority that ensures the formation of state policy in the field of technical regulation (currently, the Ministry of Economy of Ukraine), in particular:

determines priority areas for the development of technical regulations in Ukraine;

provides regulatory and legal regulation in the field of technical regulation;

coordinates activities on the development and revision of technical regulations and conformity assessment procedures;

approves the plan for the development of technical regulations for one or more calendar years;

approves draft technical regulations and conformity assessment procedures developed by the relevant state authorities;

provides methodological support for the development and revision of technical regulations and conformity assessment procedures;

The central executive authority that implements the state policy in the field of technical regulation (the Ministry of Economy of Ukraine), in particular:

designates conformity assessment bodies;

organizes the assessment by the relevant state authorities of conformity assessment bodies applying for designation regarding their compliance with the requirements for designated conformity assessment bodies or recognized independent organizations;

monitors, with the involvement of the relevant state authorities, the designated conformity assessment bodies and recognized independent organizations for their compliance with the requirements for them and the performance of their duties established by the Law of Ukraine "On Technical Regulations and Conformity Assessment" and the relevant technical regulations.

Ukraine has also established an infrastructure of designated conformity assessment bodies, the list of which is available on the official website of the Ministry of Economy of Ukraine at <https://astr.me.gov.ua/Docs/List/33003>.

The legal, organizational and economic principles of accreditation of conformity assessment bodies in Ukraine are defined by the Law of Ukraine "On Accreditation of Conformity Assessment Bodies" (<https://zakon.rada.gov.ua/laws/show/2407-14#Text>).

The Order of the Ministry of Economy and European Integration of Ukraine No. 5 of 04 January 2002 established the National Accreditation Body of Ukraine, which is the only body in Ukraine that performs accreditation of conformity assessment bodies.

A legal basis and administrative structure are in place in Ukraine for the mentioned areas.

For market surveillance, the legal basis is comprised of the following laws and by-laws:

- The Law of Ukraine of 2 December 2010 No. 2735-VI “On State Market Surveillance and Control of Non-Food Products”, which transposes Regulation (EU) 765/2008 and takes into account Decision 768/2008/EEC;
- The Law of Ukraine of 2 December 2010 No. 2736-VI “On General Non-Food Product Safety”, which transposes Directive 2001/95/EC;
- CMU Resolution of 31 August 2011 no. 921 “Certain Issues of Reimbursement by the Economic Operator of the Cost of Non-Food Product Samples and Their Examination (Testing)”;
- CMU Resolution of 5 October 2011 no. 1017 “On Approving the Procedure for the Control of Compliance with Decisions on Restrictive (Corrective) Measures”;
- CMU Resolution of 26 December 2011 no. 1397 “On Approving the Procedure for the Operation of the National Informational System of State Market Surveillance, Entering Data and Submission of Notifications”;
- CMU Resolution of 26 December 2011 no. 1398 “On Approving the Procedure for the Operation of Rapid Alert System for Products Presenting Serious Risk and Submission of Notifications about Entering Thereto”;
- CMU Resolution of 26 December 2011 no. 1400 “Certain Issues of the Consumer (User) Rights Protection with Regard to the Non-Food Product Safety”;
- CMU Resolution of 26 December 2011 no. 1401 “On Approving the Procedure for Submission of Notification for the Product Non-Compliant with the General Product Safety Requirement to State Market Surveillance Authorities”;
- CMU Resolution of 26 December 2011 no. 1403 “On Approving the Procedure for the State Control of Non-Food Products”;
- CMU Resolution of 26 December 2011 no. 1404 “On Approving the Levels of Risk for Non-Food Product Types and Criteria by Which a Non-Food Product Is Assigned a Relevant Level of Risk”;
- CMU Resolution of 26 December 2011 no. 1406 “The Issues of Sale and Destruction of Non-Food Product Samples, Used for Examination (Testing) and Selected within the Framework of State Market Surveillance”;
- CMU Resolution of 26 December 2011 no. 1407 “On Approving the Methodology for Taking Restrictive (Corrective) Measures”;

- CMU Resolution of 26 December 2011 no. 1410 “On Approving the Procedure for the Development and Revision of Sectoral Market Surveillance Programmes, Monitoring and Reporting on Their Implementation”;
- CMU Resolution of 30 December 2015 no. 1184 “On Approving the Form, Description of the Mark of Conformity to Technical Regulations, Rules and Conditions for Its Affixing”;
- CMU Resolution of 28 December 2016 no. 1069 “On Approving the List of Product Categories in Relation to Which the State Market Surveillance Authorities Shall Carry Out State Market Surveillance”;
- CMU Resolution of 12 February 2020 no. 75 “On Approving the Procedure for Providing Free-of-Charge Consultancy Support to Economic Operators by State Market Surveillance Authorities on the Issues of Carrying Out State Market Surveillance”;
- Order of the Ministry of Economic Development and Trade of Ukraine of 19 April 2019 no. 667 “On Approving the Sample Forms of Documents in the Area of State Market Surveillance and State Control of Products”.

The administrative structure is as follows:

In accordance with the legislation, the Ministry of Economy of Ukraine is responsible for the formation of public policy in the area of state market surveillance. State market surveillance per se is carried out by market surveillance authorities, designated by the Cabinet of Ministers of Ukraine. The control of non-food products before their release into free circulation on the customs territory of Ukraine is performed by the State Customs Service of Ukraine.

As of today, 10 market surveillance authorities have been designated, namely:

- State Service of Ukraine for the Safety of Foodstuffs and Consumer Rights Protection;
- State Service of Ukraine for Labour Issues;
- State Service of Ukraine for Medicinal Products and Drugs Control;
- State Ecological Inspectorate of Ukraine;
- State Service of Ukraine for Emergencies;
- State Service of Ukraine for the Safety on Transport;
- State Inspectorate for Architecture and Town Planning;
- State Service for Marine and Internal Water Transport and Shipping of Ukraine;
- State Service of Special Communications and Information Protection of Ukraine;
- National Commission for the State Regulation of Electronic Communications, Radio Frequency Spectrum and the Provision of Postal Services.

MS authorities carry out their competencies also through their territorial (regional) bodies, depending on the organisational structure of each authority.

The area of competence of a state market surveillance authority is constituted by a list of product categories, in relation to which it is empowered to carry out state market surveillance. This list has been approved by the CMU Resolution of 28 December 2016 no. 1069.

When a new technical regulation has been developed or an existing one has been amended, relevant amendments are to be introduced to this Resolution no. 1069 and an MS authority is to be designated for the product, which is the object of a new technical regulation.

At the beginning of the 2023, the list of product categories, covered by respective MS authorities, contains 70 product categories.

B. Checks for conformity on product safety rules of products imported from third countries

10. Is there legislation in place providing for conformity with the rules on product safety in the case of imported products?	This is fully in place
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Please provide extra details with regard to the question above, as necessary:

C. International Agreements

11. Has the country signed mutual recognition or co-operation agreements in the field of standards, testing, certification and conformity assessment (based on international standards)?	Yes, and they use international standards as a basis
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Please provide extra details with regard to the question above, as necessary:

12. Is there legislation providing for conformity with the rules on product safety in the case of imported products?	This is fully in place
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Please provide extra details with regard to the question above, as necessary:

Part one of Article 11 of the Law of Ukraine "On Technical Regulations and Conformity Assessment" stipulates that products that are put into circulation, made available on the market or put into operation, and, according to some technical regulations – also products manufactured and/or put into operation by the manufacturer for its own use, must comply with the requirements of all technical regulations in force applicable to such products, except as provided for in Article 12 of this Law and in the relevant technical regulations. This provision, as well as the requirements of technical regulations, apply equally to both domestic and foreign products.

D. Technical Regulations & Conformity Assessment

13. Is there a basis for product conformity regulation and has legislation moved towards the principles applied in European harmonized legislation, i.e. minimum requirements, absence of mandatory standards, self-certification and the presumption of conformity?

Such a basis is in place and legislation is aligned with these principles

Please provide extra details with regard to the question above, as necessary:

Pursuant to Article 56 of the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their Member States, on the other hand, Ukraine shall take the necessary measures to gradually achieve compliance with EU technical regulations and EU standardization, metrology, accreditation, conformity assessment and market surveillance systems and undertake to comply with the principles and practices set out in the relevant EU decisions and regulations.

The Cabinet of Ministers of Ukraine approved the Strategy for the Development of the Technical Regulatory System for the period up to 2020 No. 844-p of 19 August 2015 in order to modernize the Ukrainian economy and ensure the competitiveness of domestic products through the gradual integration of Ukraine into the EU internal market, overcome the technical barriers to trade between Ukraine and the EU and strengthen its position in the global market as a result of recognition of the technical regulatory system of Ukraine at the European and international level.

The Action Plan for the Implementation of the Strategy, which was an annex to the Strategy, was designed to ensure the creation of a new system of technical regulation in Ukraine that would meet the needs of a modern market economy, guarantee the safety of products put into circulation, ensure effective regulation and improve the business environment, and facilitate Ukraine's integration into the global economy by removing technical barriers to trade. In addition, the Action Plan for the implementation of the Strategy provided for measures to bring Ukraine's quality infrastructure in line with EU requirements.

The Action Plan for the Development of the Technical Regulation System until 2025, approved by the Resolution of Cabinet of Ministers of Ukraine of 22 September 2021 No. 1145, also provides for measures to bring Ukraine's quality infrastructure, including technical regulations, in line with EU requirements.

As of today, Ukraine has already adopted 120 technical regulations, 106 of which are based on EU legislation, and 100 of which are already in force.

The Law of Ukraine "On Technical Regulations and Conformity Assessment" contains a requirement that if a technical regulation is developed on the basis of an EU legislative act, it must comply with such an EU legislative act as closely as possible in terms of

content, form and structure.

Thus, all adopted Ukrainian technical regulations that were developed on the basis of EU legislation establishing essential requirements for products, provide for a presumption of compliance with essential requirements in case of voluntary application of standards, and use of the "Internal Production Control" conformity assessment procedure by the manufacturer (i.e. self-certification without involvement of a third party) contain similar provisions.

III.ii. QUALITY INFRASTRUCTURE

A. Accreditation

14. Has a single national accreditation body been set up that acts under public authority which is independent from conformity assessment & other public authorities?	This is fully in place
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Please provide extra details with regard to the question above, as necessary:

The legal, organizational and economic framework for accreditation of conformity assessment bodies in Ukraine is defined by the Law of Ukraine "On Accreditation of Conformity Assessment Bodies". Accreditation is carried out by the national accreditation body of Ukraine.

In accordance with Article 6 of the Law of Ukraine "On Accreditation of Conformity Assessment Bodies", the national accreditation body of Ukraine is a state organization established by the central executive body that ensures the formation of state policy in the field of economic development and carries out non-commercial economic activities. The central executive body that ensures the formation of the state policy in the field of economic development has no right to interfere with the accreditation activities of the national accreditation body of Ukraine.

According to Article 6-2 of the Law of Ukraine "On Accreditation of Conformity Assessment Bodies", the national accreditation body of Ukraine is prohibited:

to carry out or offer activities (including services) carried out (provided) by conformity assessment bodies;

to provide consulting;

be a shareholder or participant (founder) of conformity assessment bodies or otherwise participate in their management or receive benefits from their activities.

The Order of the Ministry of Economy and European Integration of Ukraine of 04 January 2002 No. 5 established the National Accreditation Body of Ukraine, which is the only body in Ukraine that performs accreditation of conformity assessment bodies.

15. Is there a national plan for the accreditation of conformity assessment bodies and is it being implemented according to plan?	This exists and is proceeding according to plan
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Please provide extra details with regard to the question above, as necessary:

The national accreditation body of Ukraine independently plans its activities for initial accreditation and re-accreditation, as well as monitoring of accredited conformity assessment bodies.

The activities of the national accreditation body of Ukraine on monitoring of accredited conformity assessment bodies are carried out by conducting scheduled supervision of their activities in accordance with the schedules available at the link:

<https://naau.org.ua/44-grafiki-provedennia-monitoringu-shliakhom-zdiisnennia-nagliadu>.

B. Market Surveillance

16. Do market surveillance authorities control products on their national market (domestic products or products coming from third countries) <u>and</u> take restrictive measures which could include, for example, prohibition of their marketing or their withdrawal for reasons of health/safety, environmental risk or any other risk to public interests, incomplete labeling, inadequate consumer information, or failure to comply with EU legal requirements?	This is fully in place
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Please provide extra details with regard to the question above, as necessary:

When made available on the market and/or put into service, the products are subject to market surveillance, as required by the Laws of Ukraine “On State Market Surveillance and Control of Non-Food Products” (transposing Regulation (EU) 765/2008) and “On General Non-Food Product Safety” (transposing EU Directive 2001/95/EC). During the market surveillance, products are selectively checked for their compliance with technical regulations, conformity assessment procedures and general product safety requirements according to the annual national sectoral programmes.

No distinction is made between domestic and imported products: they are treated equally. However, certain differences exist in market surveillance procedures for non-compliant products, because for domestic products their manufacturers can be reached by Ukrainian market surveillance authorities, while for imported products the interaction has to be done with and/or through the importers.

In Ukraine market surveillance is carried out by 10 market surveillance authorities, which are responsible for specific technical regulations. Joint inspections are envisioned for products, covered by technical regulations, for which different market surveillance

authorities are competent. The State Service for the Food Safety and Consumer Rights Protection checks compliance with the general product safety requirements. Products entering the customs territory of Ukraine are subject to state control of non-food products, performed by the State Customs Service of Ukraine.

Overall coordination and evaluation of the functioning of the system of market surveillance as well as the maintenance of informational systems in this area is carried out by the Ministry of Economy of Ukraine.

According to the Law of Ukraine “On State Market Surveillance and Control of Non-Food Products”, if a product, when used as intended or under foreseeable conditions of use and when properly installed and maintained, presents a risk to public interests or otherwise does not comply with established requirements, it shall be subject to restrictive (corrective) measures with relevant informing of the public thereof.

Market surveillance authorities are entitled to take the following measures:

- checks of product characteristics, including taking product samples and subjecting them to examination (testing);

- restrictive (corrective) measures that include:

 - restrictions on making the product available on the market (temporary ban on the product until it is brought into compliance);

 - prohibition of making the product available on the market (primarily applied to dangerous products posing serious risk);

 - withdrawal of a product;

 - recall of a product (applied to products, already supplied to consumers (users));

 - control of the state of implementation of decisions on taking restrictive (corrective) measures (follow-up inspections);

 - warning by market surveillance authorities of consumers (users) about the hazard posed by the product that they identified.

The Law provides for a procedure on how the decision on taking restrictive (corrective) measures is made, which envisions interaction with an economic operator concerned and his right to provide his explanations, objections and proposals. The decisions are taken with the use of the Methodology of Taking Restrictive (Corrective) Measures, approved by the Cabinet of Ministers of Ukraine on the basis of the EU RAPEX Guidelines.

The Law also envisages the formal non-compliances, which include non-affixing or incorrect affixing of the mark of conformity to technical regulations, absence of or incorrect declaration of conformity, non-submission of or incompleteness of technical documentation. The exact list of formal non-compliances is, as rule, established in respective technical regulations. For these, the market surveillance authorities require bringing into conformity (submission of relevant documents or elimination of non-compliances) within a specified time period.

Resolution of the Cabinet of Ministers of Ukraine No. 261 "On Amendments to the

Resolutions of the Cabinet of Ministers of Ukraine of 13 March 2022 No. 303 and 3 May 2022 No. 550" of 08 March 2024 provides for the resumption of scheduled and unscheduled state market surveillance measures, in particular with respect to the ACAA sectors in terms of their compliance with the requirements of relevant Technical Regulations, as well as unscheduled market surveillance measures with respect to other products within the competence of market surveillance bodies.

Regarding medicinal products:

Pursuant to Article 21 of the Law of Ukraine "On Medicinal Products", it is prohibited to sell (issuance) to citizens low-quality medicinal products or those whose expiration date has passed or for which there is no quality certificate issued by the manufacturer.

The mechanism of state quality control of medicinal products imported into Ukraine, which is carried out in order to prevent the circulation of falsified, low-quality and unregistered medicinal products, is carried out in accordance with the Procedure for State Quality Control of medicinal products imported into Ukraine, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 902 of 14 September 2005, which applies to all business entities.

The mechanism for conducting incoming control and quality control of medicinal products by business entities that have licenses to carry out economic activity in the wholesale and retail trade of medicinal products, in medical and preventive institutions and state quality control of medicinal products during wholesale and retail trade, as well as in in medical and preventive facilities is carried out in accordance with the Procedure for quality control of medicinal products during wholesale and retail trade, approved by the order of the Ministry of Health of 29 September 2014 No. 677, and the Rules for the storage and quality control of medicinal products in medical and preventive facilities, approved by the order of the Ministry of Health of December 16 No. 584 of 2003.

The procedure for establishing a ban (temporary ban) on circulation on the territory of Ukraine of medicinal products that do not meet the established requirements determined by regulatory documentation and current legal acts, including falsified medicinal products, or in which previously unknown dangerous properties related to with low quality, and the procedure for renewing the circulation of medicinal products is described in the Procedure for establishing a ban (temporary ban) and renewing the circulation of medicinal products on the territory of Ukraine, approved by the order of the Ministry of Health of November 22, 2011 No. 809.

In addition, the Law of Ukraine "On Medicinal Products" of 2022, which was developed in accordance with the provisions of the Directive of the European Parliament and the Council of the EU No. 2001/83, also provides:

- the procedure for admission to the market of medicinal products;
- pharmacovigilance procedure;

- the national system of verification of registered medicinal products;
- regulation of import, including parallel import of medicinal products;
- regulation of production, wholesale and retail trade of medicines;
- supervision by the regulatory body and sanctions against economic entities that do not comply with the requirements of the law.

Regarding medical devices:

Article 11 of the Law of Ukraine "On State Market Surveillance and Control of Non-Food Products" establishes the powers of market surveillance, including measures of restrictive influence.

Thus, in order to carry out market surveillance, market surveillance bodies within the scope of their responsibility:

1) participate in the implementation of state policy in the field of market surveillance;

2) organize the development of draft sectoral market surveillance plans, approve sectoral market surveillance plans, monitor the implementation and review of such plans;

3) monitor, in accordance with the procedure established by the Cabinet of Ministers of Ukraine, the causes and number of appeals from consumers (users) about protection of their right to product safety, the causes and number of accidents and cases of harm to people's health as a result of consuming products (using them);

4) conduct checks of product characteristics, including selecting product samples and ensuring their examination (testing);

5) verify compliance with the requirements for the presentation of products at the place of holding a fair, exhibition, display or demonstration in another way of products that do not meet the established requirements, and in the cases specified by this Law, issue orders for the immediate elimination of violations of the requirements for the presentation of such products and make decisions on immediate cessation of the presentation of these products at the place of the relevant fair, exhibition, display or demonstration of the products in another way, conduct checks on the compliance of the business entities with the relevant prescriptions and decisions;

6) in cases and according to the procedure specified by this Law, make decisions on taking restrictive (corrective) measures, control the state of implementation of these decisions by business entities;

7) monitor the actions of business entities regarding withdrawal from circulation and/or recall of products, in respect of which a decision to withdraw from circulation and/or recall was made;

8) in the cases provided for by this Law, make a decision on the destruction of products or bringing them in another way to a state that excludes the use of these products;

9) take appropriate measures to timely warn consumers (users) about the danger posed by the products identified by market surveillance bodies;

10) take measures to establish cooperation with economic entities regarding the

prevention or reduction of risks posed by the products provided by these economic entities on the market;

11) take, in accordance with the procedure specified by this and other laws of Ukraine, measures to prosecute persons guilty of violations of the requirements of this Law and established requirements;

12) send inspection materials to law enforcement agencies to resolve issues of bringing to criminal responsibility persons whose actions contain signs of a criminal offense;

13) generalize the practice of applying legislation in the field of market surveillance, develop proposals for improving the relevant legislation and, in the established order, submit them for consideration by the Cabinet of Ministers of Ukraine;

14) summarize the results of market surveillance, analyze the causes of detected violations, develop and submit proposals for revising the established requirements in the prescribed manner, if they do not provide an adequate level of protection of public interests;

15) take measures to adapt national legal acts in the field of market surveillance to the relevant acts of the legislation of the European Union;

16) exercise other powers in accordance with this Law, the Law of Ukraine "On General Safety of Non-Food Products" and other laws of Ukraine.

The Government adopted Resolution No. 261 of March 8, 2024 "On Amending Resolutions of the Cabinet of Ministers of Ukraine No. 303 of March 13, 2022 and No. 550 of May 3, 2022," which already entered into force on March 12.

In accordance with these changes, in particular, it is allowed to renew unscheduled inspections of product characteristics in accordance with the requirements established in the technical regulations for medical devices. So the inspections of the State Health Service are extended to medical devices, medical devices for in vitro diagnostics, active medical devices that are implanted, and bio-implants.

C. Metrology

17. Is there an official metrology structure (national body/authority) in the country?	This is fully in place.
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Please provide extra details with regard to the question above, as necessary:
The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

D. Standardisation (NB: only to be completed where the national Standardisation Body is not a full member of CEN/CENELEC.)

18. Is there an independent standardization body able to implement European and international standards with adequate staff resources and financing?	This is fully in place
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Please provide extra details with regard to the question above, as necessary:

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.	
19. Has the standardization body started to withdraw national standards that conflict with European Standards?	This is fully in place
Please provide extra details with regard to the question above, as necessary: Yes, this process is ongoing. In 2023, the SE “UkrNDNC” cancelled 912 national standards, amendments and corrigendum which contradict the provisions of the corresponding national standards, which are identical to the European standards.	
20. What percentage of national standards has been adopted that (in the opinion of the standardisation body) are in <u>full</u> conformity with the European standards (CEN, CENELEC and ETSI standards)? Are they full standards aligned to EU ones, or adopted by "cover page" methods ⁴⁹ ?	More than 75% but less than 100%
	All European standards are adopted in Ukraine as national standards with an identical degree of compliance
Please provide extra details with regard to the question above, as necessary: In 2023, the SE “UkrNDNC” adopted 512 national standards fully aligned to European CEN/CENELEC documents. As of March 01, 2024, the list of national standards harmonized with European standards includes 29 934 documents.	
21. Is there a timetable for the standardisation body to become a full member of CEN and CENELEC?	No, but this is planned in an adopted strategy/action plan
Please provide extra details with regard to the question above, as necessary: The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.	

⁴⁹ The "cover page" method is a method whereby the national standards body adopts European standards in an EU language version with a cover page in the national language(s).

III.iii.SECTORAL LEGISLATION (GENERIC QUESTIONS) (non-exhaustive list of relevant *acquis*) – please choose the answer that best describes the current situation from the drop down options. Complementary information may be provided as necessary.

A. New Approach & New Legislative Framework

Sector	Main <i>acquis</i>	Degree of alignment	Market Surveillance
Lifts	Dir. 2014/33/EU	National legislation is fully aligned to the <i>acquis</i>	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity casues a risk and communicate with other authorities in such cases
Machinery	Reg; (EU) 2023/1230	Alignment to this <i>acquis</i> has not started, previous legislation is in place, date of alignment not yet planned	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity casues a risk and communicate with other authorities in such cases
Cableways	Reg. (EU) 2016/424	National legislation is fully aligned to the <i>acquis</i>	There are authority(ies) designated to monitor

			the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity casues a risk and communicate with other authorities in such cases
Personal Protective Equipment (PPE)	Reg. (EU) 2016/425	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity casues a risk and communicate with other authorities in such cases
Electromagnetic Compatibility (EMC)	Dir. 2014/30/EU	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity casues a risk and communicate with other authorities in such cases
Low Voltage (LVD)	Dir. 2014/35/EU	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor

			the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity casues a risk and communicate with other authorities in such cases
Radio Equipment Directive (RED) ⁵⁰	Dir. 2014/53/EU	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor the conformity of safety components and subsystems of the products but they do not have sufficient capacity to do this fully
Gas Appliances (GAR)	Reg. (EU) 2016/426	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity casues a risk and communicate with other authorities in such cases
Explosive Atmospheres	Dir. 2014/34/EU	National legislation is fully aligned to the acquis	There are authority(ies)

⁵⁰ The Commission worked on an Omnibus proposal which will amend Directive 2000/14/EC (Outdoor Equipment Noise Emissions - OND) and Directive 2014/53/EU (Radio Equipment Directive - RED) as regards certain reporting requirements in the fields of food and food ingredients, outdoor noise, patients' rights, and radio equipment. Specifically, the Omnibus will delete Article 16 of Directive 2000/14/EC and will amend Article 47(1) of Directive 2014/53/EU with regards frequency of reporting obligation by MS. This proposal is expected to be adopted during March 2024.

Equipment (ATEX)			designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity casues a risk and communicate with other authorities in such cases
Pressure Equipment (PED)	Dir. 2014/68/EU	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity causes a risk and communicate with other authorities in such cases
Simple Pressure Vessels (SPVD)	Dir. 2014/29/EU	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity causes a risk and communicate with other authorities in such cases

Outdoor Equipment Noise Emissions ⁵¹	Dir. 2000/14/EC	Alignment to this acquis is planned/date of alignment planned in an official planning document and/or strategy	There are authority(ies) designated to monitor the conformity of safety components and subsystems of the products but they do not have sufficient capacity to do this fully
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Specific question:

Have you taken the measures necessary to ensure that manufacturers send to the responsible authorities copies of the EC declarations of conformity for equipment placed on the market, according to Article 16 of the Directive? Please provide extra details with regard to the question above, as necessary.

According to the preamble to Directive 2000/14/EC, the collection of noise data in accordance with Article 16 by sending a copy of the EU declaration of conformity to the Member State and the Commission by the manufacturer or his authorized representative is necessary as a basis for informed consumer choice, as well as for further evaluation by Member States and the Commission of new technological developments and the need for further legislative action.

During the development and adoption of the Ukrainian Technical Regulation on the basis of Directive 2000/14/EC, the provision referred to in Article 16 of Directive 2000/14 / EC was recognized as temporarily unavailable because:

as of the date of adoption of the Technical Regulation, Ukraine is not an EU Member State and therefore has no legal basis to send the Commission its assessment of new technological developments in the relevant field to determine the need for further legislative action in EU legislation;

establishing in the Technical Regulation the obligation of manufacturers and/or authorized representatives to send copies of declarations of conformity to a certain authority without being able to influence the development of EU legislation is an additional regulatory burden on economic entities;

establishing in Ukraine other requirements for the guaranteed level of sound power of equipment used outdoors, in the case of the obligation to send copies of the declaration of conformity and assessment of new technological developments in this area, will be a violation of the obligations undertaken under the Association Agreement between Ukraine and the European Union, which states that Ukrainian technical regulations must correspond with relevant EU act, and will create technical barriers to trade regarding the relevant products.

⁵¹ See footnote 17

In addition, the conscious choice of consumers of equipment used outdoors is ensured by marking the equipment with a guaranteed sound power level and accompanied by a declaration of conformity, which states, in particular, the measured sound power level and guaranteed sound power level.

The implementation of Article 16 of Directive 2000/14/EU is seen as the subject of further agreements with the EU to deepen cooperation. If the relevant agreements are reached, Ukraine will take prompt measures to amend the Technical Regulation in order to implement provisions of Article 16 of Directive 2000/14/EU.

Construction Products (CPR)	Reg. 305/2011	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor the conformity of safety components and subsystems of the products but they do not have sufficient capacity to do this fully
Recreational Craft	Dir. 2013/53/EU	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor the conformity of safety components and subsystems of the products but they do not have sufficient capacity to do this fully
Civil Explosives	Dir. 2014/28/EU	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity casues a risk and communicate with other authorities in such cases

Pyrotechnic Articles	Dir. 2013/29/EU	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor the conformity of safety components and subsystems of the products but they do not have sufficient capacity to do this fully
Toys	Dir. 2009/48/EC	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity casues a risk and communicate with other authorities in such cases
Eco-design ⁵²	Dir. 2009/125/EC	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity casues a risk and communicate with other authorities in such cases
Fertilisers	Reg. 2019/1009	National legislation is partly aligned to the	The national accreditation body

⁵² See footnote 17

		acquis	does not have sufficient expertise to accredit conformity assessment bodies under this Directive/Regulation
Energy labelling	Reg. 2017/1369	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity casues a risk and communicate with other authorities in such cases
Measuring Instruments	Dir. 2014/32/EU	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity casues a risk and communicate with other authorities in such cases
Non-automatic Weighing Instruments	Dir. 2014/31/EU	National legislation is fully aligned to the acquis	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary

			action that can act in case non-conformity casues a risk and communicate with other authorities in such cases
Medical devices	Dir 90/385/EEC and Dir. 93/42/EEC; Reg. (EU) 2017/745 ⁵³	Alignment to this acquis is planned/date of alignment planned in an official planning document and/or strategy	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity casues a risk and communicate with other authorities in such cases
<i>In vitro</i> diagnostic medical devices	Dir. 98/79/EC; Reg. (EU) 2017/746 ⁵⁴	Alignment to this acquis is planned/date of alignment planned in an official planning document and/or strategy	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity causes a risk and communicate with other authorities in such cases

⁵³ This regulation (repealing Dir. 90/385/EEC and Dir 93/42/EEC) applies from 26 May 2021. There are, however, some exceptions (governed by Article 123.3) concerning provisions that were already in applicable and provisions that will apply on a later date.

⁵⁴ This regulation (repealing Dir. 98/79/EC) applies from 26 May 2022. There are, however, some exceptions (governed by Article 113.3) concerning provisions that are already applicable and provisions that will apply on a later date.

Please provide extra details with regard to the sectors above, as necessary:

Directive 2014/32/EU: the Resolution of the Cabinet of Ministers of Ukraine No. 320 of 22 March 2024 "On Amendments to the Technical Regulations Approved by the Resolutions of the Cabinet of Ministers of Ukraine No. 94 of January 13, 2016 and No. 163 of February 24, 2016" amended the Technical Regulations on Measuring Instruments approved by the Resolution of the Cabinet of Ministers of Ukraine No. 163 of 24 February 2016 (which was developed on the basis of Directive 2014/32/EU of the European Parliament and of the Council of 26 February 2014 on the harmonization of the laws of the Member States relating to the placing on the market of measuring instruments), in order to bring its text in Ukrainian closer to the text of Directive 2014/32/EU, as well as to correct technical errors.

Ecodesign: Ukrainian legislation is largely harmonized with EU regulations. The Directive 2009/125/EC of the European Parliament and of the Council of October 21, 2009 has been implemented, establishing a system for determining eco-design requirements applicable to energy products (Resolution of the Cabinet of Ministers of Ukraine "On Approval of the Technical Regulation on the Establishment of a System for Determining Ecodesign Requirements for Energy Consuming Products" of October 3, 2018, No. 804) and Commission Delegated Regulation (EU) No. 2019/2017 of March 11, 2019 amending Regulation (EU) 2017/1369 of the European Parliament and of the Council as regards the energy labeling of household dishwashers and repealing Commission Delegated Regulation (EU) No. 1059/2010 (Order of the Ministry of Energy of Ukraine "On Approval of the Technical Regulation on Energy Labeling of Energy Consuming Products" No. 164 of 27 April 2022, registered with the Ministry of Justice of Ukraine on 9 June 2022 under No. 615/37951).

B. Old Approach

Sector	Main <i>acquis</i>	Degree of alignment	Market Surveillance
Tractors (Agriculture, Forestry)	Reg. (EU) 167/2013	National legislation is partly aligned to the <i>acquis</i>	The national accreditation body does not have sufficient expertise to accredit conformity assessment bodies under this Directive/Regulation
Motor Vehicles	Reg. (EU) 2018/858	Alignment to this <i>acquis</i> has not started, previous legislation is in place, date of alignment not yet	The national accreditation body does not have sufficient expertise to accredit

		planned	conformity assessment bodies under this Directive/Regulation
Motor vehicles (2/3 wheels)	Reg. (EU) 168/2013	Alignment to this acquis has not started, previous legislation is in place, date of alignment not yet planned	The national accreditation body does not have sufficient expertise to accredit conformity assessment bodies under this Directive/Regulation
Non-road Mobile Machinery Emissions ⁵⁵	Reg. (EU) 2016/1628	Alignment to this acquis has not started, previous legislation is in place, date of alignment not yet planned	The national accreditation body does not have sufficient expertise to accredit conformity assessment bodies under this Directive/Regulation
Chemicals (REACH)	Reg. 1907/2006	National legislation is partly aligned to the acquis	The national accreditation body does not have sufficient expertise to accredit conformity assessment bodies under this Directive/Regulation
Chemicals CLP	Reg. 1272/2008	National legislation is partly aligned to the acquis	The national accreditation body does not have sufficient expertise to accredit conformity assessment bodies under this Directive/Regulation
Good Laboratory Practice (GLP)	Dirs. 2004/10/EC & 2004/9/EC	National legislation is partly aligned to the acquis	The national accreditation body does not have sufficient expertise to accredit conformity assessment bodies under this Directive/Regulation

⁵⁵ A new regulation on Non-road Mobile Machinery circulating on public roads is expected to be adopted during 2024 which is foreseen to enter into force in Q4 2024

Detergents	Reg. 648/2004	National legislation is partly aligned to the acquis	The national accreditation body does not have sufficient expertise to accredit conformity assessment bodies under this Directive/Regulation
Drug Precursors	Reg. 273/2004	Alignment to this acquis has not started, previous legislation is in place, date of alignment not yet planned	The national accreditation body does not have sufficient expertise to accredit conformity assessment bodies under this Directive/Regulation
Aerosol Dispensers (ADD)	Directive 75/324/EEC	National legislation is fully aligned to the acquis.	There are authority(ies) designated to monitor the conformity of safety components and sub-systems of the products and they can take all necessary action that can act in case non-conformity casues a risk and communicate with other authorities in such cases
Pre-packaging	Dir. 75/107/EEC 76/211/EEC & 2007/45/EC	National legislation is partly aligned to the acquis.	The national accreditation body has sufficient expertise to accredit conformity assessment bodies under this Directive/Regulation
Units of Measurement	Dir. 80/181/EEC Directive 2009/3/EC	National legislation is fully aligned to the acquis.	The national accreditation body has sufficient expertise to accredit conformity assessment bodies under this Directive/Regulation.

Please provide extra details with regard to the sectors above, as necessary:

Tractors/Agriculture/ Forestry sectors: In order to the implementation of the Ukrainian legislation to the European Union legislations in terms of conformity assessment of agricultural and forestry vehicles according to the Regulation (EU) No 167/2013 of the European Parliament and of the Council of 5 February 2013 on the approval and market surveillance of agricultural and forestry vehicles was developed and approved the Resolution No. 28 of 12 January 2013 «On approval of the Technical regulations for the approval of agricultural and forestry vehicles» by the Cabinet of Ministers of Ukraine. Herewith, the Minagropolicy is developing of the following technical regulations: - the Technical Regulation on the requirements for the braking system for the type approval of agricultural and forestry vehicles; - the Technical Regulation on functional safety requirements for type approval of agricultural and forestry vehicles; - the Technical Regulation on technical safety requirements and general requirements for type approval of agricultural and forestry vehicles; - the Technical Regulation on administrative requirements for type approval and market surveillance of agricultural and forestry vehicles; - the Technical Regulation on requirements for environmental safety and performance of engines of agricultural and forestry vehicles.

C. Procedural Measures

Sector	Main <i>acquis</i>	Degree of alignment	Market Surveillance
Firearms	Dir. (EU) 2021/555	National legislation is partly aligned to the <i>acquis</i>	The national accreditation body does not have sufficient expertise to accredit conformity assessment bodies under this Directive/Regulation
Crystal Glass	Dir. 69/493/EEC	National legislation is fully aligned to the <i>acquis</i>	The national accreditation body does not have sufficient expertise to accredit conformity assessment bodies under this Directive/Regulation
Defence Products & Defence	Dir. 2009/43/EC & Dir.	National legislation is partly aligned to the <i>acquis</i>	The national accreditation body has sufficient expertise to

Procurement	2009/81/EC	acquis	accredit conformity assessment bodies under this Directive/Regulation
Footwear	Dir. 94/11/EC	National legislation is fully aligned to the acquis	There are no authority(ies) designated to perform market surveillance of the products that can act in case of non-conformity or to communicate with other authorities in such cases
Textile Labelling	Reg. 1007/2011	National legislation is fully aligned to the acquis	There are no authority(ies) designated to perform market surveillance of the products that can act in case of non-conformity or to communicate with other authorities in such cases
Medicinal Products Pricing	Dir. 89/105/EEC	Alignment to this acquis has not started, previous legislation is in place, date of alignment not yet planned	The national accreditation body does not have sufficient expertise to accredit conformity assessment bodies under this Directive/Regulation
Cultural Goods	Dir. 2014/60/EU	Alignment to this acquis has not started, previous legislation is in place, date of alignment not yet planned	The national accreditation body does not have sufficient expertise to accredit conformity assessment bodies under this Directive/Regulation

Please provide extra details with regard to the sectors above, as necessary:

Specific question:

- Have you taken the measures necessary to ensure that manufacturers send to the responsible authorities copies of the EC declarations of conformity for equipment placed on the market, according to Article 16 of the Directive EU) 2021/555 of the European Parliament and of the Council of 24 March 2021 on control of the acquisition and possession of weapons (codification)?

In accordance with subparagraph 2 of paragraph 10 of the Licensing Conditions for the Production and Repair of Non-Military Firearms and Ammunition, Cold Steel, Air Weapons with a Caliber of More than 4.5 Millimeters and a Bullet Velocity of More than 100 Meters per Second, Trade in Non-Military Firearms and Ammunition, Cold Steel, Air Weapons with a Caliber of More than 4.5 Millimeters and a Bullet Velocity of More than 100 Meters per Second; production of special means charged with substances of tear and irritant action, individual protection, active defense and their sale, approved by the Resolution of the Cabinet of Ministers of Ukraine of December 2, 2015 No. 1000, economic activity on production of weapons, ammunition, special means is carried out provided that all manufactured weapons, special means have a number and stamp (mark) of the manufacturer and a certificate of conformity issued after examination by the subdivisions of the Expert Service of the Ministry of Internal Affairs of Ukraine.

III.iv.SECTORAL LEGISLATION & PROCEDURAL MEASURES (SPECIFIC QUESTIONS) – *please choose the nearest answer to the current situation from the drop down options. Complementary information may be provided as necessary.*

A. Medical Products Pricing

<p>22. Please provide more information on the national pricing and reimbursement arrangements for medicinal products. Is there an overview of these publicly available, and if so, where? Have you adopted the national provisions needed for the notification of conformity assessment bodies based on Regulation 2019/1009? [designating the notifying authority and setting out the procedures for the notification of conformity assessment bodies and the monitoring of notified bodies]</p>	<p>This is fully in place</p>
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<p>23. Please explain the criteria based on which pricing and reimbursement decisions are taken. If the decision is negative; do you provide the applicant a statement of reasons, and are they informed of the remedies available to them?</p>	
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Please provide extra details with regard to the question above, as necessary:
 In accordance with Article 10 of the Law of Ukraine "On Prices and Pricing" (<https://zakon.rada.gov.ua/laws/show/5007-17#Text>), business entities use:
 free prices;

state regulated prices.

Resolution of the CMU of October 17, 2008 No. 955 "On measures to stabilize the prices of medicines and medical products" (<https://zakon.rada.gov.ua/laws/show/955-2008-%D0%BF#Text>) provides for the establishment of marginal allowances:

- for medicinal products included in the National List of Essential Medicinal Products (except for narcotic, psychotropic medicinal products, precursors and medical gases);
- for medicinal products (except for narcotic, psychotropic medicinal products, precursors and medical gases, as well as medicinal products subject to purchase in accordance with managed access agreements), which are purchased in whole or in part at the expense of the state and local budgets;
- for medicinal products (except insulin preparations) and medical products, the cost of which is subject to reimbursement in accordance with the legislation;
- for insulin preparations, the cost of which is subject to reimbursement in accordance with the legislation.

In accordance with the Regulation on the Ministry of Health of Ukraine, approved by the resolution of the Cabinet of Ministers of Ukraine of 25 March 2015 No. 267 (<https://zakon.rada.gov.ua/laws/show/1181-2023-%D0%BF#Text>), Ministry of Health of Ukraine:

- approves the lists of maximum retail prices for medicines and medical products that are subject to reimbursement under the program of state guarantees of medical care for the population, and information on the maximum wholesale prices for some medicinal products that are purchased with budget funds and are subject to reference pricing;
- approves the procedures for calculating the maximum wholesale and retail prices for some medicinal products purchased with budget funds and subject to reference pricing.

In addition, this area is regulated by the following legal acts:

- Resolution of the Cabinet of Ministers of Ukraine of April 3, 2019 No. 426 "On reference pricing for some medicinal products purchased with budget funds" (<https://zakon.rada.gov.ua/laws/show/426-2019-%D0%BF#Text>);
- Resolution of the CMU of July 28, 2021 No. 854 "Some issues of reimbursement of medicines and medical products under the program of state guarantees of medical care of the population" (<https://zakon.rada.gov.ua/laws/show/854-2021-%D0%BF#Text>);
- Resolution of the CMU No. 240 "Issue of declaration of changes in wholesale and retail prices for medicinal products" of 2 July 2014 (<https://zakon.rada.gov.ua/laws/show/240-2014-%D0%BF#Text>);
- Resolution of the CMU No. 333 "Some issues of state regulation of prices for medicinal products and medical products" of 25 March 2009 (<https://zakon.rada.gov.ua/laws/show/333-2009-%D0%BF#n19>);
- Order of the Ministry of Health No. 1809 "On reference pricing for some medicinal products purchased with budget funds" of 05 October 2022

<https://zakon.rada.gov.ua/laws/show/z1271-22#Text>);

- Registry of wholesale and retail prices for medicinal products (<https://moz.gov.ua/reestr-optovo-vidpusknih-cin-na-likarski-zasobi>).

All the above-mentioned regulatory documents are available on the official website of the Verkhovna Rada of Ukraine.

In the second part of the first resolution of the Cabinet of Ministers of Ukraine No. 955 "On price stabilization measures for medicinal products" of 17 October 2008 marginal supply and sales allowances were established for medicinal products. State regulation of the price of medical products was abolished in accordance with the Resolution of the Cabinet of Ministers of Ukraine No. 184 "On Amendments to the Resolution of the Cabinet of Ministers of Ukraine No. 955 of 17 October 2008" of 03 June 2019.

The procedure for declaring changes in wholesale and retail prices for medical products was canceled by the Resolution of the Cabinet of Ministers of Ukraine No. 43 "On Amendments to the Resolution of the Cabinet of Ministers of Ukraine No. 955 of 17 October 2008 and No. 240 of 2 July 2014" of 25 January 2017.

B. Civil Explosives

24. Is there a specific licensing and registration system for economic operators in the civil explosive sector?	This is fully in place
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Please provide extra details with regard to the question above, as necessary:

The Ukrainian Law "On Handling Industrial Explosives" regulates the relations that arise in the process of managing industrial explosives, with the aim of safeguarding human life and health, ensuring national security, maintaining public order, and protecting the environment (hereinafter referred to as "the Law").

In accordance with Article 9 of the Law, the production of industrial explosives, as determined by the Cabinet of Ministers of Ukraine, is carried out by specialized enterprises or at stationary and mobile points within the premises of enterprises conducting explosive operations. This production is based on a license issued by the executive authority designated by the Cabinet of Ministers of Ukraine, as specified in the Law of Ukraine "On Licensing of Types of Economic Activity."

The licensing conditions for engaging in economic activities related to the production of industrial explosives, as approved by the resolution of the Cabinet of Ministers of Ukraine No 604, of July 22, 2006 (with changes by December 2023), provide a comprehensive list of documents required for the license application for such economic activities. Additionally, they establish organizational, personnel, technological, and special requirements that must be adhered to for such activities.

The list of business entities holding licenses for the production of industrial explosives is published on the official website of the State Service of Ukraine for Labor Issues.

25. Are economic operators in the civil explosive sector required to keep track of explosives so they can be tracked at any time?	This is fully in place
<p>Please provide extra details with regard to the question above, as necessary:</p> <p>According to Article 14 of the Ukrainian Law "On Handling Industrial Explosives," the accounting of explosive materials is conducted at all stages of handling them in the manner determined by the central executive authority responsible for shaping state policies in the fields of industrial safety, labor protection, state mining supervision, in agreement with the central authority of the National Police.</p> <p>The procedure for accounting of industrial explosives was approved by the order of the Ministry of Emergencies of 06.07.2006 No. 424, registered by the Ministry of Justice of Ukraine on 14.07.2006 under No. 828/12702.</p> <p>Requirements for the system of identification and tracking of industrial explosives are established by the order of the Ministry of Economy of Ukraine of 10.02.2022 No. 263-22, registered by the Ministry of Justice of Ukraine on 29.03.2022 under No. 362/37698.</p> <p>These requirements establish a system of unique identification and tracking capabilities for industrial explosives, developed based on Commission Directive 2008/43/EC of April 4, 2008 on the establishment of a system for the identification and tracking of industrial explosives in accordance with Council Directive 93/15/EEC.</p>	
26. Are there specific controls on the transit of explosives and ammunition through the country?	This is fully in place
<p>Please provide extra details with regard to the question above, as necessary:</p> <p>In accordance with Article 17 of the Law of Ukraine "On Handling Industrial Explosives," the importation of explosive materials, equipment, and technologies for their production, as well as the conduct of explosive works, onto the territory of Ukraine, is carried out in accordance with the legislation on export control based on the permit issued by the National Police of Ukraine.</p> <p>The importation, exportation, and transit of unmarked explosive materials through the territory of Ukraine are prohibited.</p> <p>The exportation from Ukraine and transit through its territory of explosive materials are carried out based on the permit issued by the National Police of Ukraine.</p>	
27. Are there mechanisms in place to detect smuggled explosives?	This is fully in place

	place
Please provide extra details with regard to the question above, as necessary: According to the Regulation of the State Customs Service of Ukraine, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 227 of 6 March 2019, the main task of the State Customs Service is, in particular, to ensure the implementation of state policy in the field of combating violations in the application of legislation on customs affairs, prevention and counteraction of smuggling, and combating violations of customs rules.	
C. Drug Precursors	
28. Is the national list of controlled substances compliant with the <i>acquis</i> and are they grouped into exactly the same categories (e.g. category 1, 2, & 3)?	This will be ensured in the next reporting period
Please provide extra details with regard to the question above, as necessary:	
29. Are the obligations attached to each category of substances the same as those set out in Regulation (EC) No 273/2004?	This is fully in place
Please provide extra details with regard to the question above, as necessary:	
30. Is there an obligation for economic operators to report suspicious orders or transactions with scheduled substances?	This will be ensured in the next reporting period
Please provide extra details with regard to the question above, as necessary:	
D. Good Laboratory Practice (GLP)	
31. Do national legislative/regulatory GLP requirements apply to all the following chemical groups: industrial chemicals, pharmaceuticals, veterinary medical products, pesticides, food additives, feed additives, cosmetics, and biocides?	This will be ensured in the next reporting period

Please provide extra details with regard to the question above, as necessary:	
<p>The guideline "Medicinal products. Proper laboratory practice" was approved by the order of the Ministry of Health of Ukraine No. 95 "On the approval of documents on quality assurance of medicinal products" of 16 February 2009.</p> <p>This instruction is the adopted with changes (en version) regulatory document "Directive 2004/10/EC of the European Parliament and of the Council of 11 February 2004 on the harmonization of laws, regulations and administrative provisions relating to the application of the principles of good laboratory practice and the verification of their applications for tests on chemical substances (codified version).</p> <p>According to the "Scope" section, this guideline:</p> <ul style="list-style-type: none"> - establishes the principles and rules (requirements) for conducting preclinical studies of the safety of medicinal products, which are most often synthetic chemicals, but may be of natural or biological origin, and in some cases, be living organisms; - refers to preclinical studies of the safety of medicinal products manufactured for the purpose of their registration or licensing. 	
E. Chemicals Classification, Labelling and Packaging (CLP)	
32. Is national legislation on CLP aligned with the United Nations Globally Harmonised System of Classification and Labelling of Chemicals?	This will be ensured in the next reporting period
Please provide extra details with regard to the question above, as necessary:	
F. Fertilisers	
33. Are there national rules which could impede the free movement of EU fertilising products compliant with Reg. (EC) 2019/1009 (such as prior-registration requirements or other)?	This will be ensured in the next reporting period
34. Have you adopted the national provisions needed for the notification of conformity assessment bodies based on Regulation 2019/1009? [designating the notifying authority and setting out the procedures for the notification of conformity assessment bodies and the monitoring of notified bodies]	
Please provide extra details with regard to the question above, as necessary:	

G. Medical Devices

<p>35. Is there a national Agency and Medical Devices (possibly as part of a larger agency responsible also for medicines) and does it have adequate resources to ensure the control of the relevant products and of economic operators?</p>	<p>This is fully in place</p>
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Please provide extra details with regard to the question above, as necessary:

The Law of Ukraine "On State Market Surveillance and Control of Non-Food Products" establishes the legal and organizational principles for state market surveillance and control of non-food products.

By Resolution No. 1069 of the Cabinet of Ministers of Ukraine of 28 December 2016 "On approval of the list of types of products for which state market surveillance bodies carry out state market surveillance" the State Service of Ukraine for Medicinal Products and Drug Control is designated as the market surveillance body for medical devices and their auxiliaries, active implantable medical devices and medical devices for in vitro diagnostics and their auxiliaries.

As part of the State Medical Service, the Department of State Market Surveillance of the Circulation of Medical Products was created and operates, the main functions of which are:

- ensuring the implementation of the state policy of state market surveillance in the field of medical devices;
- development of projects of legal acts and regulatory documents on issues of state market surveillance;
- development of sectoral plans of state market surveillance, implementation of monitoring and revision of such plans;
- consideration of proposals, requests, complaints, statements, appeals, messages from consumers (users), as well as executive authorities, law enforcement agencies, executive bodies of local councils, non-governmental organizations of consumers (consumer associations) on issues within the competence of the Department;
- monitoring the causes and number of appeals from consumers (users) about the protection of their right to the safety of medical products and bio-implants, the causes and number of accidents and cases of harm to people's health as a result of their consumption (use);
- ensuring maintenance of the Registry of persons responsible for the introduction of medical devices, active medical devices that are implanted, and medical devices for in vitro diagnostics into circulation, the Registry of manufacturers and authorized representatives responsible for the introduction of bio-implants into circulation; Journal of accounting of information received by the State Accounting Service from conformity assessment bodies; Journal of accounting of consumer (user) appeals, on protection of their right to the safety of medical products;

- ensuring the storage of the State Registry of medical equipment and medical products;
- participation in checking the characteristics of medical products and bio-implants, including the selection of their samples for their examination (testing);
- participation in the preparation and implementation of proposals on international cooperation, participation in relevant international and national conferences;
- maintenance of the national information system of state market surveillance and the system of operational mutual notification;
- monitoring of information received from foreign notification systems about medical products that pose a serious risk;
- interaction with territorial bodies, state enterprises belonging to the sphere of management of the State Accounting Service, on the implementation of state policy in the field of state market surveillance;
- review of reports of territorial bodies of the State Medical Service regarding their implementation of state market surveillance and their generalization;
- implementation of monitoring of the actions of economic entities regarding withdrawal from circulation and/or recall of medical devices and bio-implants, in respect of which a decision to withdraw from circulation and/or recall was made;
- timely warning of consumers (users) about the detected danger posed by medical products and bio-implants;
- establishment of cooperation with economic entities regarding the prevention or reduction of risks posed by medical products and bio-implants provided by these economic entities on the market;
- development and introduction in the prescribed manner of proposals for revising the requirements established in the technical regulations, if they do not provide an adequate level of protection of public interests;
- consideration of documents for the purpose of making a decision regarding the possibility of conducting clinical studies of medical devices and active medical devices that are implanted, in accordance with the requirements of technical regulations and other regulatory and legal acts.

H. Control of the *acquisition* and possession of weapons

36. Does national legislation regarding the <i>acquisition</i> and possession of weapons lay down the categories of firearms which are prohibited to be acquired or in the possession of private persons that are subject to authorisation or declaration?	This is fully in place
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Please provide extra details with regard to the question above, as necessary:

The Law Enforcement Committee of the Verkhovna Rada of Ukraine has decided to recommend the approval of the draft Law of Ukraine «On the Right to Civilian Firearms»

in the second reading and in general (draft law No 5708).

The aim of the draft law is to strengthen compliance with the rule of law in determining the legal regime of arms ownership, to consolidate the basic rights and obligations of citizens and legal entities regarding the production, acquisition, possession, disposal and use of weapons and ammunition, and to regulate other social relations directly related to this.

Also, it is recommended for adoption in general:

- draft law No 5709 on amendments to the Code of Ukraine on Administrative Offenses and the Criminal Code of Ukraine to Implement the Provisions of the Law of Ukraine "On the Right to Civilian Firearms"
- draft law No 9538 on amendments to the Law of Ukraine "On Ensuring the Participation of Civilians in the Defense of Ukraine" to improve the procedure for obtaining, declaring, and handling firearms.

In order to partially solve the problem of controlling arms trafficking and comply with European standards, on 26 June 2023, Ukraine introduced Registry of Weapons (URW) , which is a subsystem of the unified information system of the Ministry of Internal Affairs designed to automate the relevant accounting (registration, re-registration, renewal, training, licensing, ect.) The URF will include information from the NECC of the Ministry of Internal Affairs of Ukraine on the ballistics (firing) of firearms.

In addition, the draft Law OF Ukraine “On the Right to Civilian Firearms” (Reg. N 5708 of 25 June 20221) and the related draft Law of Ukraine “On Amendments to the Code of Ukraine on Administrative Offences and the Criminal Code of Ukraine to Implement the Provisions of the Law of Ukraine “On the Right to Civilian Firearms” (Reg. N 5708 of 25 June 20221), which were adopted on 23 February 2022 in the first reading, are currently under consideration in the Parliament. These drafts propose to regulate the social relations arising in the field of the exercising the right of citizens and legal entities to civilian firearms at the legislative level.

I. Motor vehicles (including 2/3 wheeled vehicles and tractors)

37. Which UN & EU type approvals are currently accepted (provide details as necessary)?

The list of technical prescriptions (UN Regulations and alternative EU acts) is provided in Part I of Annex IV to the Procedure approved by the Order of MIU No. 521 (<https://zakon.rada.gov.ua/laws/show/z1586-12#Text>):

Marking	Amendment series	Alternative Basic Directive/EU regulation
R1	01	76/761/EEC of July 27, 1976 on the convergence of legislation in the member states regarding high-beam and (or) low-beam headlamps and their incandescent lamps
R2	01	Council Directive 76/761/EEC of July 27, 1976 on the approximation of the laws of the Member States regarding high-beam and (or) low-beam headlamps and their incandescent lamps
R3	02	Council Directive 76/757/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to the reflectors of motor vehicles and their trailers
R4	00	Council Directive 76/760/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to devices for illuminating the rear number plates of motor vehicles and their trailers
R6	00	Council Directive 76/759/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to turning lights for motor vehicles and their trailers
R7	01	Council Directive 76/758/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to position lamps, front (side) lamps, rear (side) lamps and brake lights of motor vehicles and trailers to them
R8	05	Council Directive 76/761/EEC of July 27, 1976 on the approximation of the laws of the Member States regarding high-beam and (or) low-beam headlamps and their incandescent lamps
R9	06	Directive 97/24/EC of the European Parliament and of the Council of 17 June 1997 concerning certain parts and characteristics of two- and three-wheeled vehicles
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles

R10	02	Council Directive 72/245/EEC of 20 June 1972 on the approximation of the laws of the Member States regarding the suppression of radio interference that is created automobile engines with spark ignition
	05 - for motor vehicles that have electric motors as energy sources for movement	-
R11	02	Council Directive 70/387/EEC of 27 July 1970 on the approximation of the laws of the Member States relating to the doors of motor vehicles and their trailers
R12	03	Council Directive 74/297/EEC of June 4, 1974 on the approximation of the laws of the Member States regarding the interior equipment of motor vehicles (behavior of the steering mechanism in the event of a collision)
R13	10	Council Directive 71/320/EEC of June 8, 1970 on the approximation of the laws of the Member States regarding the braking devices of certain categories of motor vehicles and their trailers
	11 - six months after the terminatio n or cancellati on of martial law in Ukraine	-

R13-H	00	Council Directive 71/320/EEC of June 8, 1970 on the approximation of laws in the member states regarding braking devices of certain categories of cars and their trailers
R14	06	Council Directive 76/115/EEC of 18 December 1975 on the approximation of the laws of the Member States regarding the fastening of seat belts in cars
	07 - from 01.01.202 5	-
R16	04	Council Directive 77/541/EEC of 28 June 1977 on the approximation of the laws of the Member States relating to seat belts and impact protection systems in motor vehicles
	07 – from 01.01.202 5	-
R17	07	Council Directive 78/932/EEC of October 16, 1978 on the approximation of laws in the Member States regarding head protection devices in car seats
		Commission Directive 74/408/EEC of July 22, 1974 on the approximation of the laws of the Member States regarding the interior equipment of cars (strength of seats and their fastening)
R19	02	Council Directive 76/762/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to motor vehicle front fog lamps and incandescent lamps therefor
R20	02	Council Directive 76/761/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to high-beam and (or) dipped-beam headlamps and their incandescent lamps
R23	00	Council Directive 77/539/EEC of 28 June 1977 on the approximation of the laws of the Member States relating to reversing lights for motor vehicles and their trailers

R24	03	Council Directive 72/306/EEC of August 2, 1972 on the approximation of the laws of the Member States regarding mandatory measures against the emission of pollutants from automobile diesel engines
		Directive 2005/55/EC of the European Parliament and of the Council of 28 September 2005 on the approximation of the laws of the Member States with regard to measures against the emission of gaseous and solid pollutants from compression-ignition engines used in wheeled vehicles and the emission of gaseous pollutants from engines with positive ignition, running on natural or liquefied petroleum gas and used on wheeled vehicles
		Regulation (EC) No. 715/2007 of the European Parliament and of the Council of 20 June 2007 on the approval of the type of motor vehicles in relation to the emissions of passenger and commercial vehicles (Euro 5 and Euro 6) and on access to information on the repair and maintenance of vehicles
R25	04	Council Directive 78/932/EEC of 16 October 1978 on the approximation of the laws of the Member States relating to head impact protection devices in motor vehicle seats
R26	03	Commission Directive 74/483/EEC of 17 September 1974 on the approximation of the laws of the Member States relating to the external appearance of motor vehicles
R27	03	-
R28	00	Council Directive 70/388/EEC of 27 July 1970 on the approximation of the laws of the Member States relating to sound signaling devices for vehicles
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles
R29	02	-
R30	02	Council Directive 92/23/EEC of 31 March 1992 on car and trailer tires and their fitting

R34	02	Council Directive 70/221/EEC of 20 March 1970 on the approximation of the laws of the Member States relating to fuel tanks and rear protective devices of motor vehicles and their trailers
R36	03	-
R37	03	Council Directive 76/761/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to high-beam and (or) dipped-beam headlamps and their incandescent lamps
R38	00	Council Directive 77/538/EEC of 28 June 1977 on the approximation of the laws of the Member States relating to rear fog lamps of motor vehicles and their trailers
R39	00	Council Directive 75/443/EEC of 26 June 1975 on the approximation of the laws of the Member States relating to the transmission of reverse gears and speedometers of motor vehicles
R40	01	Directive 97/24/EC of the European Parliament and of the Council of 17 June 1997 concerning certain parts and characteristics of two- and three-wheeled vehicles
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles
R41	03	Directive 97/24/EC of the European Parliament and of the Council of 17 June 1997 concerning certain parts and characteristics of two- and three-wheeled vehicles
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles
R43	00	Council Directive 92/22/EEC of March 31, 1992 on protective glass and materials for protective glass for cars and their trailers
R44	03	Council Directive 77/541/EEC of 28 June 1977 on the approximation of the laws of the Member States relating to safety

		belts and impact protection systems in motor vehicles
R46	02	Directive 2003/97/EC of the European Parliament and of the Council of 10 November 2003 on the approximation of the laws of the Member States relating to the type-approval of indirect inspection devices and of vehicles equipped with such devices, amending Directive 70/156/EEC and repealing Directive 71/127/EEC
	04 - from 01.01.2025	-
R47	00	Directive 97/24/EC of the European Parliament and of the Council of 17 June 1997 concerning certain parts and characteristics of two- and three-wheeled vehicles
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles
R48	03	Council Directive 76/756/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to the installation of lighting and light-signalling devices on motor vehicles and their trailers
	06 - from 01.01.2025	-
R49	02, 03, 04	Council Directive 88/77/EEC of December 3, 1987 on the approximation of the laws of the Member States regarding mandatory measures against the emission of gaseous pollutants from automobile diesel engines
	04, 05, 06	Directive 2005/55/EC of the European Parliament and of the Council of 28 September 2005 on the approximation of the laws of the Member States with regard to measures against the emission of gaseous and solid pollutants from compression-ignition engines used in wheeled vehicles and the emission of gaseous pollutants from engines with positive ignition, running on

		natural or liquefied petroleum gas and used on wheeled vehicles
		Regulation (EC) No. 595/2009 of the European Parliament and of the Council of 18 June 2009 on the type-approval of motor vehicles and engines with regard to the emissions of heavy goods vehicles (Euro VI) and on access to vehicle repair and maintenance information and amending of Regulation (EC) No. 715/2007 and Directive 2007/46/EC and repeals Directives 80/1269/EEC, 2005/55/EC, 2005/78/EC
		Commission Regulation (EC) No. 582/2011 of 25 May 2011 implementing and amending Regulation (EC) No. 595/2009 of the European Parliament and of the Council of 18 June 2009 on the approval of the type of motor vehicles and engines with regard to the emissions of heavy goods vehicles (Euro VI) and which amends Regulation (EC) No. 715/2007 and Directive 2007/46/EC and repeals Directives 80/1269/EEC, 2005/55/EC, 2005/78/EC
R50	00	Council Directive 93/92/EEC of 29 October 1993 on the installation of lighting and light-signalling devices on two- and three-wheeled vehicles
		Directive 97/24/EC of the European Parliament and of the Council of 17 June 1997 concerning certain parts and characteristics of two- and three-wheeled vehicles
		Directive 2009/67/EC of the European Parliament and of the Council of 13 July 2009 on the installation of lighting and light signaling devices for two- and three-wheeled vehicles
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles
R51	02	Council Directive 70/157/EEC of February 6, 1970 on the approximation of the laws of the Member States concerning the permissible noise level of the exhaust system of motor vehicles

		Regulation (EC) No. 540/2014 of the European Parliament and of the Council of 16 April 2014 on the sound level of motor vehicles and variable muffler systems and amending Directive 2007/46/EC and repealing Directive 70/157/EEC
R52	01	-
R53	01	Council Directive 93/92/EEC of October 29, 1993 regarding the installation of lighting and light signaling devices on two- and three-wheeled vehicles
		Directive 97/24/EC of the European Parliament and of the Council of 17 June 1997 concerning certain parts and characteristics of two- and three-wheeled vehicles
		Directive 2009/67/EC of the European Parliament and of the Council of 13 July 2009 on the installation of lighting and light signaling devices for two- and three-wheeled vehicles
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles
R54	00	Council Directive 92/23/EEC of 31 March 1992 on car and trailer tires and their fitting
R55	01	Directive 94/20/EC of the European Parliament and of the Council of 30 May 1994 concerning mechanical coupling devices for motor vehicles and their trailers and their attachments to such vehicles
R56	01	Directive 97/24/EC of the European Parliament and of the Council of 17 June 1997 concerning certain parts and characteristics of two- and three-wheeled vehicles
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles
R57	02	Directive 97/24/EC of the European Parliament and of the Council of 17 June 1997 concerning certain parts and

		characteristics of two- and three-wheeled vehicles	
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles	
R58	02		
R59	00	Council Directive 70/157/EEC of February 6, 1970 on the approximation of the laws of the Member States concerning the permissible noise level of the exhaust system of motor vehicles	
R60	00	Council Directive 93/29/EEC of 14 June 1993 on the identification of controls, tell-tales and indicators of two or three-wheel vehicles	
		Directive 2009/80/EC of the European Parliament and of the Council of 13 June 2009 on the identification of controls, tell-tales and indicators of two- or three-wheeled vehicles	
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles	
R61	00	-	
R63	01	Directive 97/24/EC of the European Parliament and of the Council of 17 June 1997 concerning certain parts and characteristics of two- and three-wheeled vehicles	
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles	
R65	00 - from 01.01.202 3	-	
R67	01	Council Directive 70/221/EEC of 20 March 1970 on the approximation of the laws of the Member States relating to fuel	

		tanks and rear protective devices of motor vehicles and their trailers (applies only to the approval of gas cylinders)
R72	00	Directive 97/24/EC of the European Parliament and of the Council of 17 June 1997 concerning certain parts and characteristics of two- and three-wheeled vehicles
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles
R73	01	-
R74	01	Council Directive 93/92/EEC of 29 October 1993 on the installation of lighting and light-signalling devices on two- and three-wheeled vehicles
		Directive 97/24/EC of the European Parliament and of the Council of 17 June 1997 concerning certain parts and characteristics of two- and three-wheeled vehicles
		Directive 2009/67/EC of the European Parliament and of the Council of 13 July 2009 on the installation of lighting and light signaling devices for two- and three-wheeled vehicles
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles
R75	00	Directive 97/24/EC of the European Parliament and of the Council of 17 June 1997 concerning certain parts and characteristics of two- and three-wheeled vehicles
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles
R76	00	Directive 97/24/EC of the European Parliament and of the Council of 17 June 1997 concerning certain parts and characteristics of two- and three-wheeled vehicles

		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles
R77	00	Council Directive 77/540/EEC of 28 June 1977 on the approximation of the laws of the Member States relating to vehicle parking lights
R78	03	Council Directive 93/14/EEC of 05 April 1993 on the braking of two- and three-wheeled vehicles
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles
R79	01	Council Directive 70/311/EEC of June 8, 1970 on the approximation of the laws of the Member States concerning the steering equipment of motor vehicles and their trailers
R80	01	Commission Directive 74/408/EEC of July 22, 1974 on the approximation of the laws of the Member States regarding the interior equipment of cars (strength of seats and their fastening)
R81	00	Directive 97/24/EC of the European Parliament and of the Council of 17 June 1997 concerning certain parts and characteristics of two- and three-wheeled vehicles
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles
R82	01	Directive 97/24/EC of the European Parliament and of the Council of 17 June 1997 concerning certain parts and characteristics of two- and three-wheeled vehicles
		Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles
R83	02, 03, 04, 05	Council Directive 70/220/EEC of 20 March 1970 on the approximation of the laws of the Member States relating to compulsory measures against air pollution by gases from positive-

		ignition motor vehicles
	06, 07	Regulation (EC) No. 715/2007 of the European Parliament and of the Council of June 20, 2007 on the approval of the type of motor vehicles with regard to passenger car emissions
		and commercial vehicles (Euro 5 and Euro 6) and regarding access to information on vehicle repair and maintenance
		Commission Regulation (EC) No. 692/2008 of 18 July 2008 implementing and amending Regulation (EC) No. 715/2007 of the European Parliament and of the Council on the approval of motor vehicle types with regard to the emissions of passenger and commercial vehicles (Euro 5 and Euro 6) and regarding access to information on vehicle repair and maintenance
R85	00	Regulation (EC) No. 715/2007 of the European Parliament and of the Council of 20 June 2007 on the approval of the type of motor vehicles in relation to the emissions of passenger and commercial vehicles (Euro 5 and Euro 6) and on access to information on the repair and maintenance of vehicles
R87	00	Council Directive 76/758/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to position lights, front (side) lights, rear (side) lights and brake lights of motor vehicles and their trailers
R89	00	Council Directive 92/24/EEC of 31 March 1992 concerning speed limitation devices or related on-board speed limitation systems for certain categories of motor vehicles
R90	01	Council Directive 71/320/EEC of June 8, 1970 on the approximation of the laws of the Member States regarding the braking devices of certain categories of motor vehicles and their trailers
R91	00	Council Directive 76/758/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to position lamps, front (side) lamps, rear (side) lamps and stop lamps of motor vehicles and their trailers

R92	01	-
R93	00	Directive 2000/40/EC of the European Parliament and of the Council of 26 June 2000 on the approximation of the laws of the Member States relating to the front underrun protection of motor vehicles, amending Directive 70/156/EEC
R94	01	Directive 96/79/EC of the European Parliament and of the Council of 16 December 1996 on the protection of vehicle occupants in the event of a frontal impact, amending Directive 70/156/EEC
R95	02	Directive 96/27/EC of the European Parliament and of the Council of 20 May 1996 on the protection of vehicle occupants in the event of a side impact, amending Directive 70/156/EEC
R98	00	Council Directive 76/761/EEC of July 27, 1976 on the approximation of the laws of the Member States regarding high-beam and (or) low-beam headlamps and their incandescent lamps
R99	00	Council Directive 76/761/EEC of July 27, 1976 on the approximation of the laws of the Member States regarding high-beam and (or) low-beam headlamps and their incandescent lamps
R100	01	-
	02 - from 01.01.2023	-
R101	00	Regulation (EC) No. 715/2007 of the European Parliament and of the Council of 20 June 2007 on the approval of the type of motor vehicles in relation to the emissions of passenger and commercial vehicles (Euro 5 and Euro 6) and on access to information on the repair and maintenance of vehicles
R103	00	Council Directive 70/220/EEC of 20 March 1970 on the approximation of the laws of the Member States relating to compulsory measures against air pollution by gases from positive-ignition motor vehicles

		Regulation (EC) No. 715/2007 of the European Parliament and of the Council of 20 June 2007 on the approval of the type of motor vehicles in relation to the emissions of passenger and commercial vehicles (Euro 5 and Euro 6) and on access to information on the repair and maintenance of vehicles
R104	00	-
R105	04	Directive 98/91/EC of the European Parliament and of the Council of 14 December 1998 concerning motor vehicles and their trailers intended for the carriage of dangerous goods by road, amending Directive 70/156/EEC concerning the type-approval of motor vehicles and their trailers
	06 - from 01.01.202 2	-
R107	02	Directive 2001/85/EEC of the European Parliament and of the Council of 20 November 2001 concerning special conditions for vehicles used for the carriage of passengers and having more than eight seats in addition to the driver's seat, amending Directives 70/156/EEC and 97/27 /EC
	05 - from 01.01.202 5	-
R108	00	-
R109	00	-
R110	01	Council Directive 70/221/EEC of 20 March 1970 on the approximation of the laws of the Member States relating to fuel tanks and rear protective devices of motor vehicles and their trailers (applies only to the approval of gas cylinders)
R111	00	-
R112	00	Directive 76/761/EEC of July 27, 1976 on the approximation of the laws of the Member States regarding high-beam and (or) low-beam headlamps and their incandescent lamps

R113	00	-
R119	00	-
R123	00	Council Directive 76/761/EEC of July 27, 1976 on the approximation of the laws of the Member States regarding high-beam and (or) low-beam headlamps and their incandescent lamps
R129	00	-
R134	00	Regulation (EC) No. 79/2009 of the European Parliament and of the Council of 14 January 2009 on the approval of the type of motor vehicles operating on water and which amends Directive 2007/46/EC
R138	01	Regulation (EC) No. 540/2014 of the European Parliament and of the Council of 16 April 2014 on the sound level of motor vehicles and variable muffler systems and amending Directive 2007/46/EC and repealing Directive 70/157/EEC
R140	00	-
R146	00	Regulation (EU) No. 168/2013 of the European Parliament and of the Council of January 15, 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles

38. Are other approvals being accepted (e.g., US approval, domestic approvals) (provide details as necessary)?

- Proofs of conformity to the requirements of «The California Code of Regulations, Title 13, Sections 1961(a) and 1961(b)(1)(C)(1) applicable to 2001 and later model year vehicles, 1968.1, 1968.2, 1968.5, 1976 and 1975, published by Barclay's Publishing» (see Part V of Annex IV to the Procedure approved by the Order of MIU #521 - <https://zakon.rada.gov.ua/laws/show/z1586-12#Text>),

- Proofs of conformity to the requirements of the US Federal environmental requirements (see Part V of Annex IV to the Procedure approved by the Order of MIU #521 - <https://zakon.rada.gov.ua/laws/show/z1586-12#Text>),

- Proofs of conformity to the US DOT FMVSS standards according to the appendix 2 of Part I of Annex IV to the EU Directive 2007/46/EC (see Parts IV and V of Annex IV to the Procedure approved by the Order of MIU #521 - <https://zakon.rada.gov.ua/laws/show/z1586-12#Text>).

39. How many vehicle approvals per year are issued by your administration by vehicle category (e.g., M1, N2, L2)? Please specify if they are they domestic or other approvals (e.g., UN approvals) (provide details as necessary)?

- National road vehicle approvals, issued in Ukraine in 2023 (incl. extensions): L3 – 4, M1 (M1G) – 112, M3 – 13, N1 (N1G) – 30, N2 (N2G) – 7, N3 (N3G) – 5, O1 – 7, O2 – 7, O4 – 11.

For more details please refer:

<https://docs.google.com/spreadsheets/d/166vFbZjZFWNGA7QK6KUvBRZM7Dp7hwi dlvJ6cBn3LE8/edit?ts=57332e1d#gid=0>

- approvals according to UN Regulations annexed to the UN 1958 Agreement, issued in Ukraine (incl. extensions): UN Regulation No 90 – 12, UN Regulation No 54 – 51, UN Regulation No 30 – 7.

40. How many fully qualified automotive engineers are currently working in your administration on vehicle homologation and vehicle market surveillance?

As for homologation – 15 in the SE «State Road Transport Research Institute» and circ. 10 in the SE «UkrMetrTestStandart».

In the State Transport Safety Service of Ukraine, 26 people are actually engaged in market surveillance.

3 in the central apparatus and 23 in territorial bodies.

J. Construction Products

41. Does the national building code require compulsory conformity assessment for any construction products?

In accordance with the Law of Ukraine "On the Placement of Construction Products on the Market", which implements the provisions of Regulation (EU) No. 305/2011 into national legislation, if a construction product is covered by a national standard for the purposes of applying this Law or complies with the technical suitability opinion issued in respect of it, the manufacturer, when placing the construction product on the market, shall draw up a declaration of conformity of the construction product and affix a mark of conformity with technical regulations, which, among other things, shall be accompanied by an identification number.

42. Do you have any system/procedure for the provision of national approvals for construction products?

Yes. Pursuant to the Law of Ukraine "On the Provision of Construction Products on the Market", prior to placing products on the market, manufacturers shall prepare a declaration of construction product performance using the Unified State Electronic System in the field of construction. Such a declaration is made in the form and in accordance with the instructions approved by the Cabinet of Ministers of Ukraine.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

Standardisation:

The National Standardization Body (SE "UkrNDNC") is a full member of the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC), an affiliate member of European standardization organizations: The European Committee for Standardization (CEN) and the European Committee for Electrotechnical Standardization (CENELEC), and has signed a Memorandum with the European Telecommunications Standards Institute (ETSI).

National Technical Committees for Standardization (TCs) participate in the activities of structural subdivisions (committees and subcommittees) of these organizations.

Metrology:

No relevant developments during the reporting period.

Technical Regulation:

New version of Technical Regulations of Machinery Safety (approved by Resolution of the Cabinet of Ministers of Ukraine of 30 January 2013 No 62) was adopted by the Resolution of Cabinet of Ministers of Ukraine of 19 August 2023 No 880 "On Amendments to the Technical Regulations of Machinery Safety" (<https://zakon.rada.gov.ua/laws/show/880-2023-%D0%BF#n2>) with the aim of bringing it into compliance as much as possible with Directive 2006/42/EU of the European Parliament and of the Council of May 17, 2006 regarding machinery and amending Directive 95/16/EU. This Resolution entered into force on 23 August 2023.

Eco-design and energy labeling:

Ukrainian legislation is largely harmonized with EU norms. As of today, 33 technical regulations on eco-design requirements and 20 technical regulations on energy labeling of energy-consuming products have been developed and approved.

In particular, in 2023, 8 regulations were developed and approved:

Resolution of the Cabinet of Ministers of Ukraine No. 834 "On Approval of the Technical Regulations on Ecodesign Requirements for Household Washing Machines and Household Washing Machines and Dryers" of 08 August 2023.

Resolution of the Cabinet of Ministers of Ukraine No. 1263 of 01 December 2023 "On Approval of the Technical Regulations on Ecodesign Requirements for Refrigerators";

Resolution of the Cabinet of Ministers of Ukraine No. 1018 of 22 September 2023 "On Approval of the Technical Regulations on Ecodesign Requirements for Light Sources and Separate Starters";

Resolution of the Cabinet of Ministers of Ukraine No. 3 of 03 January 2024 "On Approval of the Technical Regulations on Ecodesign Requirements for Household Dishwashers";

Order of the Ministry of Communities, Territories and Infrastructure of Ukraine No. 795 "On Approval of the Technical Regulations for Energy Labeling of Household Dishwashers" of 08 September 2023, registered with the Ministry of Justice of Ukraine on 02 November 2023 under No. 1904/40960;

Order of the Ministry of Development of Communities, Territories and Infrastructure of Ukraine No. 796 of 08 September 2023 "On Approval of the Technical Regulations for Energy Labeling of Refrigerators", registered with the Ministry of Justice of Ukraine on 02 November 2023 under No. 1903/40959;

Order of the Ministry of Community, Territorial and Infrastructure Development of Ukraine No. 991 of 30 October 2023 "On Approval of the Technical Regulations for Energy Labeling of Household Washing Machines and Household Washing Machines and Dryers", registered with the Ministry of Justice of Ukraine on 25 December 2023 under No. 2238/41294;

Order of the Ministry of Infrastructure of Ukraine No. 1106 "On Approval of the Technical Regulations for Energy Labeling of Electronic Displays" of December 06, 2023, registered with the Ministry of Justice of Ukraine on 05 February 2024 under No. 177/41522.

Another 4 draft acts have been developed and are undergoing the approval procedure, including 3 draft resolutions of the Cabinet of Ministers of Ukraine and 1 draft order of the Ministry of Infrastructure.

Information on anti-corruption mainstreaming

Chapter 1 - Free movement of goods: consider corruption risks in customs, product safety, market surveillance authority controlling products.

The Ministry of Economy of Ukraine approved the Anti-Corruption Program for 2021-2023 by Order No. 1050 of 10 December 2021.

The subdivision of the Ministry of Economy of Ukraine responsible for development policy in the market surveillance area was identified as not containing corruption risks.

Corruption prevention measures are included in Ukrainian legislation, in particular in the Law of Ukraine "On State Market Surveillance and Control of Non-Food Products":

- the procedure for adopting regulatory legal acts contains appropriate safeguards: discussion, publication, planning;

- absence of discretionary norms;

- mandatory opinion of the National Agency for the Prevention of Corruption on draft laws;

- no forked fines;

- digitalization of procedures;

- the use of video recorders during inspections (included in the draft Law of Ukraine "On Amendments to Certain Laws of Ukraine on Improving State Market Surveillance and the Technical Regulation System in Accordance with the Requirements of the European Union", which was developed on the basis of Regulation (EU) No. 2019/1020 of the European Parliament and of the Council of 20 June 2019 on market surveillance and product conformity and amending Directive 2004/42/EC and Regulation (EC) No. 765/2008 and Regulation (EU) No. 305/2011). Today, the State Service of Ukraine on Food Safety and Consumer Protection already uses video recorders;

- the possibility of appealing the actions/inactions of inspectors to the central office;

- the possibility of appealing the actions/inactions of the authorities to the court.

Civil servants file an electronic income declaration annually by March 31. The registry of declarations is available to the public.

There was no information from market surveillance authorities on corruption among market surveillance inspectors in 2023.

In Ukraine, the Anti-Corruption Strategy for 2021-2025 has been adopted, which is being implemented through the State Anti-Corruption Programme for 2023-2025. The customs sector is designated as one of the priority areas of the Anti-Corruption Strategy and the Programme. A separate section of the Programme (section 2.3, Customs Affairs and Taxation), identifies the following key problems in this sector: insufficient transparency and effectiveness of customs authorities, excessive discretionary powers of customs officers (issue 2.3.1); nontransparent approaches to classification of goods, determination of their customs value, and scheduling of audits (issue 2.3.2); flawed procedure for filing administrative appeals against actions of customs officials (issue 2.3.3); interference by law enforcement agencies in the work of customs authorities and abuses committed when an order to

carry out re-inspection of goods is communicated (issue 2.3.4). To address these issues, the State Anti-Corruption Programme for 2023-2025 includes 38 separate measures. The content of these measures and the information on the progress of their implementation as of December 31, 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/direction/9/>.

Order of the State Inspectorate of Architecture and Urban Development of Ukraine No. 31 of 30 March 2023 approved the Anti-Corruption Program of the State Inspectorate of Architecture and Urban Development of Ukraine for 2023. Appendix 2 to this program is the Risk Registry, which identifies and defines measures to influence, including in the area of state market surveillance of construction products, corruption risks and stages of their implementation. Two corruption risks have been identified in the SIAU function/process of state market surveillance, namely: the possibility of favoring certain business entities when planning product performance inspections, and the possibility of not indicating or partially describing the identified violations of legal requirements in the Act of Product Performance Inspection. For the first corruption risk, the measures to be taken include analyzing draft quarterly plans to include distributors of products subject to state market surveillance, informing the Head of the SIAU on the results of the monitoring (in case of detection of signs of dishonesty), conducting training activities for employees on objectivity and impartiality, and for the second corruption risk - developing checklists for conducting product characterization checks.

Measures to implement the general departmental policy on preventing and countering corruption in the field of activity of the State Medical Service in 2021-2023 in accordance with the Anti-corruption program of the State Service of Ukraine for Medicinal Products and Drug Control for 2021-2023 are, in particular:

- taking measures to prevent corruption offenses or offenses related to corruption in structural subdivisions of the State Accounting Service, territorial bodies and state-owned enterprises belonging to the sphere of administration of the State Accounting Service;

- control over the state of submission of declarations by persons authorized to perform state functions, by officials of the State Accounting Service;

- review and implementation of new anti-corruption mechanisms;

- ensuring open access to public information and compliance with the principles of transparency in public coverage on the official website of the State Medical Service;

- ensuring confidentiality of information about persons who in good faith report possible facts of corruption or corruption-related offenses, or facts of inciting them to commit corruption offenses;

- identification of risks that have a negative impact on the functions of performing tasks in the State Medical Service;

- conducting official investigations and taking measures to prosecute persons guilty of corruption or corruption-related offenses, reporting such cases to specially authorized entities in the field of anti-corruption;

- taking measures to identify the conflict of interest and its elimination, monitoring compliance with the requirements of the legislation on the settlement of the conflict of interest;

- recruitment and placement of personnel, taking into account the restrictions established by legislation;

- scheduled and unscheduled inspections of subdivisions, subordinate bodies of the State Medical Service in order to identify corruption offenses and risks.

In addition, the Anti-corruption Program of the State Service of Ukraine for Medicinal Products and Drug Control for 2021-2023 contains the Table of estimated corruption risks of the State Medical Service and measures to eliminate them, which includes the priority of corruption risks, measures to eliminate them, and expected results.

Measures for the implementation of the Anti-corruption program of the SE "State Expert Center of the Ministry of Health of Ukraine", approved by the order of the SEC of 06 January 2023 No. 02, are, in particular:

- responsible leadership, business reputation and integrity;

- professional ethics;

- rights, obligations and prohibitions of the management and employees of SE "DEC" of the Ministry of Health;

- corruption risk management;

- educational activities;

- prevention and control measures;

- notification of possible facts of corruption or corruption-related offenses, their verification and responsibility;

- whistleblower protection rights;

- conducting internal investigations.

In addition, the anti-corruption program of the SE "State Expert Center of the Ministry of Health of Ukraine" contains the Registry of Corruption Risks, which includes their analysis (the level of probability of the realized corruption risk), measures to influence the corruption risk and indicators of their implementation.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

- complete the alignment of its legislation with the acquis on quality infrastructure, in particular on market surveillance;
- further align its legislation with the acquis on harmonised sectoral legislation

Metrology: No relevant developments during the reporting period.

Market Surveillance:

The Ministry of Economy has developed a draft Law of Ukraine "On Amendments to Certain Laws of Ukraine on Improving State Market Surveillance and the Technical Regulation System in Accordance with the Requirements of the European Union", which was sent for approval to the interested central executive authorities by letter No. 3633-06/6274-03 of 15 February 2023. It was also reviewed by European experts during an assessment mission on the market surveillance system of Ukraine (May 2023) to assess the readiness of Ukraine's quality infrastructure for the ACAA negotiations.

Based on the comments and suggestions provided by the executive authorities and European experts, as well as numerous working meetings held to resolve differences, the draft law was finalized and resubmitted for approval to 20 interested central executive authorities. Currently, it is being approved by the government bodies, and is expected to be submitted to the Parliament in the beginning of the next reporting period.

Eco-design and energy labeling:

As of today, 33 technical regulations on ecodesign requirements and 20 technical regulations on energy labeling of energy-consuming products have been developed and approved by the relevant regulatory acts.

Draft technical regulations on eco-design requirements for electronic displays, welding equipment, electric motors and variable-speed drives, and a draft technical regulation on energy labeling of light sources have been developed and are undergoing the approval process.

In addition, 3 draft technical regulations on ecodesign requirements for direct-sale refrigeration appliances, external power supplies, servers, and data storage products and a draft technical regulation on energy labeling of direct-sale refrigeration appliances are under development.

→ re-establish the inspection and enforcement capacity of the market surveillance authorities

For the period of martial law, the Government has introduced measures aimed at supporting the activities of business entities.

In particular, the Cabinet of Ministers of Ukraine adopted Resolution No. 303 of 13 March 2022 "On Termination of State Surveillance (Control) and State Market Surveillance under Martial Law".

According to this resolution, scheduled and unscheduled state market surveillance activities were suspended for the period of martial law introduced by the Decree of the President of Ukraine No. 64 "On the Introduction of Martial Law in Ukraine" of 24 February 2022.

However, in order to reduce the national level of energy consumption by withdrawing energy-consuming incandescent lamps from the Ukrainian market and preventing the import of these products through customs checkpoints, at the end of August 2023, the Government allowed the implementation of planned and unscheduled measures of state market surveillance and control over household indirect radiation lamps in terms of their compliance with the requirements of Technical Regulation on Ecodesign Requirements for Non-Directional Household Lamps, and Technical Regulation on the Establishment of a System for Determining Ecodesign Requirements for Energy Consuming Products (Resolution of the Cabinet of Ministers of Ukraine No. 852 "On Amendments to the Resolutions of the Cabinet of Ministers of Ukraine of 13 March 2022 No. 303 and of 3 May 2022 No. 550" of 11 August 2023).

In addition, pursuant to recommendations of the European Commission presented in the Ukraine's Progress Report under the 2023 Enlargement Package, the Government adopted Resolution of the Cabinet of Ministers of Ukraine No. 261 "On Amendments to the Resolutions of the Cabinet of Ministers of Ukraine No. 303 of 13 March 2022 and No. 550 of 3 May 2022" of 08 March 2024.

This decision resumed, in particular, scheduled and unscheduled inspections of non-food products in the 3 priority areas of the ACAA: electromagnetic compatibility, low-voltage electrical equipment, safety of machinery and mechanisms, as well as unscheduled inspections for all types of non-food products.

Work is currently underway to restore state market surveillance measures for all types of non-food products.

Harmonized area: quality infrastructure

Ukrainian legislation on the accreditation of conformity assessment bodies is partly aligned with the EU acquis. The National Accreditation Agency of Ukraine (NAAU) has 104 employees. Ukraine has 1 095 accredited conformity assessment bodies (722 testing laboratories, 38 medical laboratories, 31 calibration

laboratories, 105 certification bodies of management systems, 14 certification bodies of persons and 115 inspection bodies). NAAU is a signatory of the European Cooperation for Accreditation Multilateral Agreement (EA MLA) in the areas of accreditation of testing and calibration laboratories, medical laboratories, product certification bodies, management system certification bodies, personnel certification bodies and inspection bodies. Ukraine is a full member of both the International Laboratory Accreditation Cooperation by having signed its Mutual Recognition Agreement and of the International Accreditation Forum by signing its Multilateral Agreement.

The National Accreditation Agency of Ukraine (NAAU) has 104 employees. As of 05 April 2024, Ukraine has 1085 accredited conformity assessment bodies (705 testing laboratories, 45 medical laboratories, 39 calibration laboratories, 66 management system certification bodies, 14 personnel certification bodies, 113 product, process and service certification bodies, 90 inspection bodies, 6 greenhouse gas validation and verification bodies and 5 professional level verification providers).

NAAU has a valid status of a signatory to the Multilateral Agreement (EA MLA) with the European Cooperation for Accreditation (EA) in the areas of accreditation of testing, calibration and medical laboratories, management systems, personnel and product certification bodies and inspection bodies. NAAU is also a signatory to the Multilateral Mutual Recognition Agreement (IAF MLA) with the International Accreditation Forum (IAF) in the areas of accreditation of product, personnel and quality management systems, environment, information security, food safety, medical device quality and energy management systems. NAAU has a valid status of a signatory to the Mutual Recognition Agreement (ILAC MRA) with the International Laboratory Accreditation Cooperation (ILAC) in the areas of accreditation of testing, calibration and medical laboratories, inspection bodies.

NAAU has implemented an accreditation scheme for greenhouse gas validation and verification bodies in accordance with DSTU ISO 14065:2015. Currently, work is underway to transition accredited greenhouse gas validation and verification bodies to meet the requirements of the updated accreditation criteria (DSTU EN ISO/IEC 17029:2020). NAAU has applied and passed the peer assessment for the extension of the signatory status (EA MMA) in the area of accreditation of greenhouse gas validation and verification bodies.

Harmonised area: sectoral legislation

In the area of ‘new and global approach’ product legislation, Ukraine has adopted implementing legislation in the reporting period designed to be fully aligned with the acquis on machinery, electromagnetic compatibility, low voltage and construction products. Ukraine had previously also adopted legislation designed to align with the acquis on radio equipment, toys, cosmetics, recreational craft, civil explosives, pressure equipment and personal protective equipment.

Ukraine is partly aligned with the acquis on lifts, cableways, gas appliances, equipment for explosive atmospheres, simple pressure vessels, environmental noise from using outdoor equipment and pyrotechnic articles. More work needs to be done in alignment with the acquis on eco-design, energy labelling (Ukraine has been party to the Energy Community Treaty since 2011), measuring instruments, non-automatic weighing instruments and medical devices.

In the area of ‘new and global approach’ product legislation, Ukraine has adopted implementing legislation in the reporting period designed to be fully aligned with the acquis on machinery. The Cabinet of Ministers of Ukraine adopted resolutions, of 19 August 2023 No 880 "On Amendments to the Technical Regulations of Machinery Safety" (<https://zakon.rada.gov.ua/laws/show/880-2023-%D0%BF#n2>) outlining the Technical Regulations of Machinery Safety, approved by Resolution of the Cabinet of Ministers of Ukraine of 30 January 2013 No 62 in a new version with the aim of bringing it into compliance as much as possible with Directive 2006/42/EU of the European Parliament and of the Council of May 17, 2006 regarding machinery and amending Directive 95/16/EU. This resolution entered into force on 23 August 2023.

Harmonised area: sectoral legislation

On ‘old approach’ product legislation, Ukraine is partly aligned with the acquis on motor vehicles (EU-type approval) and 2/3 wheeled motor vehicles, and on fertilizers, pre-packaging and units of measurements. It is not aligned on tractors, or on non-road mobile machinery. It is also not aligned with the acquis on chemicals, including the registration, evaluation, authorisation and restriction of chemicals (REACH Regulation), chemicals labeling (Classification, Labeling and Packaging Regulation (CLP)), good laboratory practice (GLP), detergents, drug precursors or aerosol dispensers.

Currently, the requirements for detergents and surfactants included in their composition are determined by the Technical Regulation on Detergents approved by the Cabinet of Ministers of Ukraine of 20 August 2008 No. 717, which does not fully comply with the requirements of Regulation (EC) No. 648/2004 of the European Parliament and of the Council of 31 March 2004 on detergents (hereinafter - Regulation 648).

The implementation of Regulation 648 into national legislation is possible only if the EU acquis in the field of chemical products is fully implemented in Ukrainian legislation, since Regulation 648 contains references, in particular, to Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC

and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC (hereinafter referred to as the REACH Regulation) and Regulation (EC) No 1272/2008 of the European Parliament and of the Council of 16 December 2008 on classification, labelling and packaging of substances and mixtures, amending and repealing Directives 67/548/EEC and 1999/45/EC, and amending Regulation (EC) No 1907/2006 (hereinafter referred to as the CLP Regulation).

In view of the above, full implementation of Regulation 648/2004 is possible only after the implementation of the provisions of the REACH and CLP Regulations, which are part of the chemicals legislation and are the responsibility of the Ministry of Environmental Protection and Natural Resources of Ukraine.

→ continue to align Ukrainian legislation with EU legal acts in the area of harmonized sectoral legislation on medical devices

(clause 50 of the Chapter "Free movement of goods" of Cluster 2 of the Action Plan for the implementation of the recommendations of the European Commission presented in Ukraine's Progress Report under the EU's 2023 Enlargement Package was approved by the order of the CMU of February 9, 2024 No. 133 (continue to harmonize the legislation of Ukraine with the acts of EU law in the part of the harmonized sectoral legislation of medical devices)

As of 01 April 2024, the preparation of the draft resolution of the Cabinet of Ministers of Ukraine "On the approval of the Technical Regulation on medical devices" and the formation of a package of documents in accordance with the Rules for the development of draft technical regulations approved by the Cabinet of Ministers of Ukraine, based on the acts of the European Union, approved by the resolution of the Cabinet of Ministers of Ukraine of 18 June 2012 No. 708:

- medical devices (Regulation (EC) 2017/745 of the European Parliament and the Council of April 5, 2017 on medical devices, amending Directive 2001/83/EC, Regulation (EC) No. 178/2002 and Regulation (EC) No. 1223/ 2009 and repeals Council Directives 90/385/EEC and 93/42/EEC);

- medical devices for in vitro diagnostics (Regulation (EU) 2017/746 of the European Parliament and the Council of April 5, 2017 on in vitro diagnostic medical devices and repealing Directive 98/79/EC and Commission Decision 2010/227/EC).

The draft Law of Ukraine "On medical devices and medical devices for in vitro diagnostics" is being finalized taking into account the opinion of the Committee of the Verkhovna Rada of Ukraine on Ukraine's integration into the European Union.

→ to restore the inspection and law enforcement capacity of market surveillance bodies

(clause 51 of the Chapter "Free movement of goods" of Cluster 2 of the Action Plan for the implementation of the recommendations of the European Commission presented in Ukraine's Progress Report under the EU's 2023 Enlargement Package was approved by the order of the CMU of February 9, 2024 No. 133 (Renew the inspection and law enforcement capacity of market surveillance bodies)

The Government adopted Resolution No. 261 of March 8, 2024 "On Amending Resolutions of the Cabinet of Ministers of Ukraine No. 303 of March 13, 2022 and No. 550 of May 3, 2022," which already entered into force on March 12.

In accordance with these changes, in particular, it is allowed to renew unscheduled inspections of product characteristics in accordance with the requirements established in the technical regulations for medical devices. So the inspections of the State Health Service are extended to medical devices, medical devices for in vitro diagnostics, active medical devices that are implanted, and bio-implants.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 2: Internal Market

CHAPTER 2 – Freedom of Movement for Workers

ЕВРОПА

УКРАЇНА

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ЄВРОПА

Answers to the Guiding Questions

Access to labour market, Equality of treatment in employment, Workers' families, Institutional provisions, Enforcement of rights, residence rights

● *If EU workers need a work permit, how many work permits have been issued in the past year? What are the requirements to obtain such permits?*

In 2023, 4,530 permits for employment of foreigners and stateless persons in Ukraine were issued (issued, extended), including: 886 permits for employment of citizens of European Union countries, namely:

Germany – 145; France – 116; Romania – 110; Italy – 68; Lithuania – 67; Netherlands – 56; Latvia – 43; Slovakia – 31; Denmark – 30; Bulgaria – 25; Spain – 24; Croatia – 24; Austria – 23; Sweden – 23; Czech Republic – 22; Belgium – 15; Greece – 15; Estonia – 13; Portugal – 10; Ireland – 9; Slovenia – 8; Finland – 7; Cyprus – 2.

Data on the issuance of work permits for foreigners and stateless persons for the first quarter of 2024 will be generated after April 20, 2024.

In accordance with the Law of Ukraine "On Employment of the Population", permits for the employment of foreigners and stateless persons are issued directly to employers, who submit relevant documents for this purpose to regional employment centers. In order to issue a permit to use the labor of a foreign employee, the employer submits:

1. statement in the form determined by the Cabinet of Ministers of Ukraine;
2. copies of pages of a foreigner's or stateless person's passport document with personal data, together with a translation into Ukrainian, certified in accordance with the established procedure;
3. 3.5 x 4.5 centimeter color photo card of a foreigner or stateless person;
4. a draft employment contract (contract) or gig contract with a foreigner or a stateless person, certified by the employer;
5. a document confirming the payment of the permit fee.

The decision to issue a permit is made by the regional employment center within 7 working days.

● *Have there been developments regarding the preparation for joining the EURES network, such as preparation for establishing the National Coordination Office (NCO) as regards its tasks according to the EURES Regulation and its sufficient capacity?*

● *Have there been any changes in preparation for joining the EURES network, such as preparation for the establishment of a National Coordination*

Office (NCO) regarding its tasks under the EURES Regulation and its sufficient capacity?

The State Employment Center developed and sent to the Ministry of Economy of Ukraine proposals for the plan of measures for joining Ukraine to the EURES network, which, in particular, provide for measures to create a National Coordination Office and develop programs.

● ***Regarding employment in the public sectors, are there any positions accessible to EU citizens? What are the positions in the public sector restricted to nationals?***

In accordance with part two of Article 1 of the Law of Ukraine "On Civil Service" (hereinafter – the Law), civil servant is a citizen of Ukraine who holds a civil service position in a state authority, another state body, its apparatus (secretariat), receives a salary from the state budget and exercises the powers established for this position, directly related to the performance of tasks and functions of such a state body, and also adheres to the principles of public service.

The provisions of Article 19 of the Law provide that the right to public service is available to adult citizens of Ukraine who speak the state language in accordance with the level determined by the National Commission for State Language Standards, and who have been awarded a degree of higher education no lower than a master's degree for positions of categories "A" and "Б" and a bachelor's degree, a junior bachelor's degree for positions of category "B".

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***A person who, in particular, has the citizenship of another state cannot enter the civil service.***

In addition, we inform you that according to Article 1 of the Law of Ukraine "On Service in Local Self- Government Bodies", service in local self-government bodies is a professional, permanent activity of citizens of Ukraine, who hold positions in local self-government bodies, which is aimed at the realization by the territorial community of its right to local self-government and the separate powers of the executive power bodies granted by law.

The provisions of Article 5 of the Law of Ukraine "On Service in Local Self-Government Bodies" provide that citizens of Ukraine have the right to serve in local self-government bodies regardless of race, skin color, political, religious and other beliefs, gender, ethnic and social origin, property status, term of residence in the relevant territory.

Supplementary pensions

- *Is there a legislation in place to preserve the supplementary pension rights of mobile workers who have worked in other countries or EU Member States?*

The draft Law „On Mandatory Accumulated Pension Provision ” registered in the Verkhovna Rada of Ukraine dated April 17, 2023 (reg. No. 9212). The draft Law is intended to determine the legal, economic and organizational basic principles of mandatory cumulative pension provision in Ukraine.

The operation of mandatory cumulative pension provision will provide an opportunity for citizens to receive additional pension payments after reaching retirement age at the expense of pension funds accumulated in an individual savings account.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

development of a plan of measures aimed at integrating the state employment service into the European Network of Employment Services (EURES) (from the 2023 plan of the European Commission)

The State Employment Center developed and sent to the Ministry of Economy of Ukraine proposals for the plan of measures for joining Ukraine to the EURES network, which, in particular, provide for measures to create a National Coordination Office and develop programs.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 2: Internal Market

CHAPTER 3 – Right of Establishment and Freedom to Provide Services

EUROPEAN UNION

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Є В Р О П А

Answers to the Guiding Questions

I. RIGHT OF ESTABLISHMENT AND FREEDOM TO PROVIDE CROSS BORDER SERVICES

- ***How are the authorities ensuring that a single economic space for services is in place throughout the country? Please indicate how the legislation defines competences between different levels of governance and the way legislation is formulated to ensure freedom of establishment and free provision of services (horizontal and/or sectoral law), as well as the progress made with the implementation of the legislative framework?***

The legal basis of cross-border cooperation is the Constitution of Ukraine, international treaties of Ukraine that regulate relations in this area, consent to the bindingness of which was given by the Verkhovna Rada of Ukraine, and other normative legal acts.

The Law of Ukraine "On Foreign Economic Activity" establishes the legal regulation of all types of foreign economic activity in Ukraine, including foreign trade, economic, scientific and technical cooperation, specialization and cooperation in the field of production, science and technology, economic relations in the field of construction, transport, forwarding, insurance, settlement, credit and other banking operations, provision of various services.

- ***Are there any barriers to the freedom of establishment or free movement of services within the country? If yes, please describe them and indicate their exact nature (legal, technical or administrative), with a particular attention to the existence of prohibited restrictions or restrictions to be assessed on the basis of the Services Directive.***

In accordance with the Law of Ukraine "On Foreign Economic Activity", all subjects of foreign economic activity, regardless of the form of ownership and other features, have an equal right to carry out any types of foreign economic activity and actions related to its implementation, including any currency transactions and settlements in foreign currency with foreign entities of economic activity that are not directly prohibited or limited by legislation, including protective measures introduced by the National Bank of Ukraine in accordance with the Law of Ukraine "On Currency and Currency Operations".

- ***Please indicate the treatment offered to third countries. Is the exercise or access to a service activity subject to any requirements?***

No relevant developments during the reporting period.

- ***Is there a point of single contact (PSC)?***

The following online platforms for entrepreneurs operate in Ukraine: regulation.gov.ua; Diia.Buness (<https://business.diia.gov.ua>; <https://business.diia.gov.ua/en>) - Portal for assistance to small and medium-sized businesses, including to facilitate access to foreign partners, investors, entrepreneurs and startups to up-to-date information on doing business in Ukraine; Diia Portal (<https://diia.gov.ua>) - Online - public services service.

● ***Are there any authorisation schemes applicable to all businesses wishing to trade in, or with your country?***

Foreign economic activity does not require obtaining any permits, because by default all legal entities have the right to carry out foreign economic activity in the export of services in accordance with their statutory documents from the moment they acquire the status of a legal entity. That is, the only requirement for access to the Foreign economic activity is the presence of information in the statutory document (statute, model statute, founding agreement) regarding the proceedings of the Foreign economic activity legal entity.

Foreign subjects of economic activity, carrying out foreign economic activity on the territory of Ukraine, have the right to open their representative offices on the territory of Ukraine. Accreditation of branches and representative offices of foreign banks is carried out by the National Bank of Ukraine in accordance with the Law of Ukraine "On Banks and Banking Activities". Accreditation of branches of foreign payment institutions is carried out by the National Bank of Ukraine in accordance with the Law of Ukraine "On Payment Services". The registration of representative offices of other foreign economic entities is carried out by the central executive body, which ensures the formation and implementation of state policy in the field of economic development (Mineconomy), within sixty working days from the date of submission of documents for registration by the foreign economic entity.

At the same time, as part of the implementation of the provisions of Directive (EU) 2017/1132 of the European Parliament and the Council dated 14.06.2017, concerning some aspects of corporate law (Codification), with the aim of creating a favorable legislative field that regulates the legal status of separate divisions of a legal entity, formed in accordance with the legislation of a foreign state, on 14.07.2023 the Verkhovna Rada of Ukraine adopted Law of Ukraine No. 3257-IX "On Amendments to Certain Legislative Acts of Ukraine Regarding Regulation of the Activities of Separate Subdivisions of a Legal Entity Formed in accordance with the Legislation of a Foreign State" (hereinafter - the Law). The law provides for the implementation of the provisions of Directive (EU) 2017/1132, in particular, regarding the rules of disclosure of information that apply to branches of companies from other member states, by entering information about such separate subdivisions into the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations and opening it for public access. The Law entered into force on 09/03/2023 and will be enforced on 09/03/2024 (except for the second and third subparagraphs of Clause 12 of Section I, Clause 2 of Section II of the Law, which

shall be enforced simultaneously with the entry into force of the Law).

Thus, from September 3, 2024, the registration of representative offices of other foreign economic entities will be carried out by the state registration authorities.

In accordance with the Law of Ukraine "On Licensing Types of Economic Activities", foreign economic activity is subject to licensing in accordance with the Law on Foreign Trade.

The foreign economic activity licensing authority is the Ministry of Economy, as well as, within the limits of the powers granted by it, the relevant republican bodies of the Autonomous Republic of Crimea, structural divisions of the regional, Kyiv and Sevastopol city state administrations.

In accordance with the Law on Foreign Trade, licensing of foreign economic operations is defined as a set of administrative actions of the executive authority on economic policy issues for granting permission for the subject of foreign economic activity to export (import) goods. The issue of licensing the export (import) of goods in 2024 is regulated by the Resolution of the Cabinet of Ministers of Ukraine dated 27.12.2023 No. 1402 "On approval of the lists of goods subject to licensing for export and import and quotas for 2024" (with amendments), which defines the list of export goods (import) of which is subject to licensing, as well as the volume of quotas of goods, the export of which is subject to licensing.

In accordance with Article 7 of the Customs Code of Ukraine, the procedure and conditions for the movement of goods across the customs border of Ukraine, their customs control and customs clearance, the application of mechanisms of tariff and non-tariff regulation of foreign economic activity, settlement of customs payments, prevention and countermeasures against smuggling, fight against violations of customs rules, organization and ensuring the activities of customs authorities and other measures aimed at the implementation of state customs policy constitute customs affairs.

Reference information on tariff and non-tariff regulation by codes in accordance with the UCT of the Foreign Trade can be obtained on the Unified state information web portal "One-stop shop for international trade" at the link <https://cabinet.customs.gov.ua/tnvinfo>.

II. POSTAL SERVICES

● ***Please describe the follow-up you have given to the 2021 Enlargement country report recommendations on postal services (e.g. legislative alignment, policy initiatives and strategies, enhanced institutional capacities, progress on postal reform)?***

The Verkhovna Rada of Ukraine, pursuant to the Association Agreement, adopted Law of Ukraine No. 2722-IX "On Postal Communications" on November 3, 2022 with the aim of bringing the current legislation in the field of postal communications of Ukraine into compliance with the provisions of Directive

97/67/EU of the European Parliament and the Council dated 15.12.1997 on common rules for the development of the internal market of Community postal services and improving the quality of service.

In accordance with the provisions of the Law of Ukraine dated 03.11.2022 No. 2722-IX "On Postal Communications", on 22.05.2023 the Order of the Ministry of Community Development, Territories and Infrastructure of Ukraine No. 430 "On Determination of the Appointed Operator of Postal Communications" was adopted.

On October 10, 2023, the Resolution of the Cabinet of Ministers of Ukraine No. 1071 "On Amendments to the Rules for the Provision of Postal Services" was adopted, which amended the specified rules, setting them out in a new edition, which defines the procedure for the provision of postal services, the rights and duties of postal operators and users of postal services and regulates relations between them in accordance with the requirements of the aforementioned Law.

● ***Is your national legislation partly/fully aligned with the EU Postal Services Directive 97/67/EC, amended by Directives 2002/39/EC and 2008/6/EC?***

The Verkhovna Rada of Ukraine, pursuant to the Association Agreement, adopted Law of Ukraine No. 2722-IX "On Postal Communications" on November 3, 2022 with the aim of bringing the current legislation in the field of postal communications of Ukraine into compliance with the provisions of Directive 97/67/EU of the European Parliament and the Council dated 15.12.1997 on common rules for the development of the internal market of Community postal services and improving the quality of service.

● ***Do you have services reserved to the universal service provider? If so, please describe those services (including scope, weight threshold and future plans for their reduction/abolition and time table).***

In accordance with Article 17 of the Law of Ukraine "On Postal Communication" (Law on Postal Communication), the designated postal operator has the exclusive right for handling of domestic ordinary and registered letters without declared value (registered) weighing up to 50 grams as well as postal cards.

● ***How are the universal service obligations of the Universal Service Provider(s) currently defined in your country?***

Universal postal services – a set of postal services of the established quality level, which are provided to users throughout Ukraine at affordable prices on an ongoing basis. Currently, the universal service obligation (i.e. regulated by the state) includes the handling of domestic ordinary and registered letters without declared value (registered) weighing up to 50 grams as well as postal cards.

- ***How are the general authorisation and individual license schemes to provide postal services applied? How many postal operators, including universal service providers, are there?***

Individual license scheme does not apply. Business entities intending to carry out economic activities in the postal sector submit a notification to the National Commission for the State Regulation of Electronic Communications, Radio Frequency Spectrum and the Provision of Postal Services (NCEC, the Regulator) on the commencement of such activities (general authorization). The information on the business entity is included into the unified state register of postal operators maintained by the Regulator.

As of 8 April 2024, there are 195 postal operators in the Register, including the designated postal operator that provides universal postal services (JSC “Ukrposhta”).

- ***Describe the tariff structure for the Universal Service: do you have a system for cost accounting and accounting separation already/soon in place for the Universal Service Provider(s)?***

In accordance with the Law on Postal Communication (Article 10), the Regulator adopted the Procedure for regulating and setting prices (tariffs) for postal services for forwarding domestic ordinary and registered letters without declared value (registered) weighing up to 50 grams and postal cards (the Procedure).

According to the Procedure, the formation of prices (tariffs) for the planned period is carried out on the basis of price calculations (tariffs) carried out by the designated postal operators, based on the planned volumes of service provision and economically justified planned costs for such provision, taking into account the planned profit and with the mandatory inclusion of an investment component.

Planned operating expenses include: planned cost of services; administrative expenses; selling expenses; other operating expenses.

In turn, the planned cost of services includes direct material costs, direct labor costs, other direct costs and general production costs.

The system for cost accounting and accounting separation is at early stages of implementation.

- ***Is independent performance monitoring periodically carried out of the universal service providers (measuring quality of service against the standards set for domestic and cross-border mail and ensuring corrective action is taken when necessary)?***

Performance monitoring has not been conducted yet.

- ***Have complaint procedures for all users of postal services been established?***

In accordance with the Law on Postal Communication (Article 8), NCEC considers appeals from users of postal services and makes decisions on issues related to its competence. It should be noted that the general procedure for submitting and considering complaints is regulated by the Law of Ukraine “On Appeals of Citizens”.

Moreover, the Rules for the provision of postal services (as amended by the Resolution of the Cabinet of Ministers of Ukraine dated 10.10.2023 No. 1071) establish the user’s right to submit appeals (complaints) regarding the provision of postal services to the postal operator, the Regulator and other state authorities in accordance with the competence, as well as regarding the restoration of one’s rights and protection of legitimate interests in accordance with the legislation. The Regulator considers appeals (complaints) of users regarding the provision of postal services in accordance with the law, may request necessary information related to the subject of the received appeal (complaint) from postal operators, takes measures within its powers to protect the users’ rights.

- ***Is your national regulatory authority for the postal sector legally separated and operationally independent of the postal operators? Is the authority sufficiently staffed for the performance of its tasks?***

According to the Law of Ukraine “National Commission for the State Regulation of Electronic Communications, Radio Frequency Spectrum and the Provision of Postal Services” (Law on the Regulator), the activity of the NCEC is legally separate from any activity related to state ownership or control regarding business entities providing electronic communication services or postal services.

State regulation in the field postal services is ensured in NCEC by a specialized independent structural unit consisting of 5 full-time employees (Postal Services’ Provision Regulation Division) with the support of adjacent functional independent structural units (State Supervision Department, Economic Regulation Department, the Market Analysis and Reporting Department, Division for Citizens’ Appeals, Legal Support Department, European Integration and Strategy Department), as well as units of a supporting nature in terms of logistical, financial, personnel, informational, documentary matters.

This being said: the staffing of NCEC as of 4 April 2024 is at 87%; the share of specialists with a master's degree is 94%; the number of specialists with a scientific degree – 4; the share of specialists who received professional training during 2023 – 98%.

The average indicator of the amount of training of employees during 2023 is 2.4 credits of the European credit transfer and accumulation system.

Distribution of employees by education as of end of 2023: 53% - technical,

21% - economics, 13% - legal, 13% - humanities.

The abovementioned allows us to assert the sufficiency of NCEC's staffing to fulfill its regulatory tasks in the postal sector assigned to it.

● ***Regulation (EU) 2018/644 on cross-border parcel delivery services is also part of EU postal acquis. Is your national legislation aligned with this Regulation?***

No relevant developments during the reporting period.

III. MUTUAL RECOGNITION OF PROFESSIONAL QUALIFICATIONS

Mapping of regulated professions and regulated activities

● ***Which professions/professional activities are regulated in your country? Regulated professions and/or activities are those access to which or their pursuit are contingent upon possession of specific professional qualifications and imposed by legislative, regulatory or administrative provisions. Please provide a list of all professions so regulated in your country and a reference to the corresponding legal measure.***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***For which professions is access reserved only to nationals and for what reason?***

In accordance with Ukrainian legislation, it is our understanding that access to the professions of a state servant (Ministry of Internal Affairs of Ukraine, State Migration Service of Ukraine, National Police of Ukraine, National Guard of Ukraine, State Emergency Service of Ukraine, State Border Guard Service of Ukraine), a police officer (National Police of Ukraine) and a civil protection officer (State Emergency Service of Ukraine) is reserved to Ukrainian nationals only, namely:

- Article 1 (2) of the Law of Ukraine "On the State Service" dated 10 November 2015, No. 889-VIII;

- Article 17 (1) of the Law of Ukraine "On the National Police" dated 02 July 2015, No. 580-VIII;

- Paragraph 2 of the Regulations on the Procedure for Service by Ordinary and Commanding Officers of Civil Protection Bodies and Units, approved by the Resolution of the Cabinet of Ministers of Ukraine dated 21 July 2005 No. 629.

At the same time, the servicemen (military personnel) of the National Guard of Ukraine and State Border Guard Service of Ukraine are subject to the provisions of the Law of Ukraine "On Military Duty and Military Service" dated 25 March 1992,

No. 2232-XII.

There are no healthcare professions in Ukraine, access to which is restricted to Ukrainian citizens (except for citizens of Russia and Belarus).

The employment of foreigners in education is not generally prohibited (except in certain areas such as state security).

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***What activities are reserved to these professions?***

In accordance with Article 7 of the Law of Ukraine on State Regulation of Capital Markets and Organised Commodity Markets, the NSSMC's task, in particular, is to consider applications from legal entities that intend to conduct the activities of information services provision on capital markets and organised commodity markets ***and entities that intend to conduct the trade repository activities on capital markets and organised commodity markets.***

The Procedure for Authorisation of Legal Entities Intending to Conduct Trade Repository Activities on Capital Markets and Organised Commodity Markets, and the Conditions for Conducting such Activities has been approved by ***the Resolution of the NSSMC dated 24 November 2021 No. 1149*** registered in the Ministry of Justice of Ukraine on January 18, 2022 No. 54/37390. The Procedure sets out the procedure for the NSSMC authorisation of legal entities intending to carry out the activities of a trade repository, the requirements for persons who intend to conduct/ conduct the activities of a trade repository, the conditions for their conduct of such activities, the procedure for maintaining a register of persons authorised to conduct the activities of a trade repository on capital markets and organised commodity markets and disclosing information from it.

The Procedure for Submitting Information on Derivative Contracts to the Trade Repository and Disclosing Information on Derivative Contracts by the Trade Repository was approved by ***the Resolution of the NSSMC dated 07.12.2021 No. 1203*** which was registered in the Ministry of Justice of Ukraine on 18 January 2022 No. 54/37390. The procedure sets out the NSSMC requirements for the submission of information to the trade repository about the conclusion, change, including the replacement of parties, or the termination of a derivative contract and the disclosure of information about derivative contracts by the trade repository.

Furthermore, the NSSMC Resolution dated 03 November 2022 No. 1307 on Amendments to the Procedure for Authorisation of Legal Entities Intending to Conduct Trade Repository Activities on Capital Markets and Organized Commodity Markets and the Conditions for Conducting such Activities regarding Registration Actions which was registered in the Ministry of Justice of Ukraine on 16 November 2022 No. 1419/38755 (hereinafter – the Resolution 1307).

The Resolution 1307 was developed in connection with the introduction of the fees for registration actions with respect to capital market participants and other entities, approved by the Resolution of the NSSMC dated 13 June 2022 No. 620 (hereinafter – the Resolution 620) registered in the Ministry of Justice of Ukraine on 10 August 2022 No. 909/38245. In particular, The Resolution 620, determines the fees for registration actions regarding the issuance of a certificate of registration in the Register of Entities Authorised to Conduct Trade Repository Activities on Capital Markets and Organised Commodity Markets.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***Which are the authorities (e.g., ministries, professional Chambers, etc.) regulating and supervising the professions and the professionals in question?***

According to Article 139 of the Law of Ukraine on Capital Markets and Organized Commodity Markets, capital markets shall be regulated by the state and self-regulatory organizations.

State regulation of capital markets shall be carried out by the National Securities and the Stock Market Commission, as well as other state bodies within the limits of the powers established by law.

State regulation of regulated money markets shall be carried out by:

1) the National Securities and Stock Market Commission - regarding the rules of functioning of the regulated market, the clearing of obligations under contracts concluded on such a market, as well as countering manipulation and other abuses on such a regulated money market;

2) by the National Bank of Ukraine - regarding the rules for delivery of money market instruments (except for securities) and currency values admitted to trading on such a market.

In accordance with the second part of Article 22 of the Law of Ukraine On Financial Services and Financial Companies, the Antimonopoly Committee of Ukraine and other state authorities shall exercise control over the activities of financial services market participants and receive information from them within the powers defined by law.

The list of regulated specialties is determined by the Ministry of Education and Science of Ukraine:

<https://zakon.rada.gov.ua/laws/show/z0502-20#Text>

In particular, they include 8 specialties of the field of knowledge “Health care”, namely: “Dentistry”, “Medicine”, “Nursing”, “Medical diagnosis and treatment technologies”, “Medical psychology”, “Pharmacy”, “Therapy and rehabilitation”, “Pediatrics”, which are used to train healthcare workers. The list of professions of health care workers and their qualification requirements are determined by the

Ministry of Health of Ukraine:

<https://zakon.rada.gov.ua/rada/show/va117282-02#Text>

In accordance with the requirements of Article 66 of the Law of Ukraine “On Land Management”, professional activities in the field of land management may be carried out by persons, who have higher education in specialties and qualifications in the field of land management knowledge.

The training of land management engineers is carried out at the faculties of the land management profile in higher educational institutions of the appropriate level of accreditation.

Only certified land management engineers can be responsible for the quality of land management works.

According to the requirements of Article 5¹ of the Law of Ukraine “On topographical, geodetic and cartographic activity” persons with a higher education in the field of geodesy and/or land management can engage in professional activities in topographical, geodetic and cartographic sphere.

Topographical, geodetic and cartographic works during the land management are performed by persons who have received a qualification certificate of a land management engineer in accordance with the Law of Ukraine “On Land Management”.

Certified geodetic engineers are responsible for the quality of the results of topographic-geodetic and cartographic works (except for topographic-geodetic and cartographic works during the land management).

According to the National Classifier of Ukraine (Classifier of professions 003:2010), the list of professions in the field of land management and in the field of topographical, geodetic and cartographic works includes, in particular, a surveyor and a land surveying engineer.

According to the National Classifier 009:2010 “Classification of types of economic activity”, the types of activities of the above-mentioned professions include: 71.12 Activities in the field of engineering, geology and geodesy, provision of technical consulting services in these areas.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Training of the sectoral professions

● *Do you have specific training programs for the 7 professions (doctor, nurse responsible for general care, dentist, midwife, veterinary surgeon, pharmacist and architect) for which the EU has common minimum training standards? What is the duration and the content (curricula) of the training programs leading to access to the profession and/or the professional activities of*

doctor, nurse responsible for general care, dentist, midwife, veterinary surgeon, pharmacist and architect?

The Ministry of Education and Science of Ukraine approved the standards of higher education in the field of knowledge "Health care": bachelor's level in the specialties "Nursing", "Medical diagnosis and treatment technologies", "Therapy and rehabilitation" "Public Health"; Master's level in the specialties "Dentistry", "Medicine", "Nursing", "Technologies of medical diagnosis and treatment", "Medical psychology", "Pharmacy", "Therapy and Rehabilitation", "Public Health"; Doctor of Philosophy level in the specialties "Dentistry", "Medical Psychology", "Public Health" (for others standards projects have been developed for specialties, which are currently undergoing examination).

Also, the standards of professional preliminary education for the preparation of professional junior bachelors in the specialties "Dentistry", "Nursing", "Technologies of medical diagnosis and treatment", "Pharmacy" have been approved. Medical (pharmaceutical) universities and colleges develop their own educational programs based on these standards.

The duration of studies in the field of knowledge "Health care" is: at the level of a professional junior bachelor's degree in the specialties "Dentistry", "Nursing" (educational programs "Nursing", "Midwifery", "Medical business"), "Technologies of medical diagnosis and treatment", "Pharmacy" - 2-3 years; at the bachelor's level in the specialties "Nursing", "Technologies of medical diagnosis and treatment", "Therapy and rehabilitation" - 3-4 years; at the master's level in the specialties "Medicine", "Medical Psychology", "Pediatrics" - 6 years (through training), in the specialties "Dentistry", "Pharmacy" - 5 years (through training), in the specialty "Nursing", "Medical diagnosis and treatment technologies", "Therapy and rehabilitation" - 1.5-2 years (after bachelor's degree); at the level of a doctor of philosophy - 4 years (after the master's degree), of which the amount of the educational component is 30-60 ECTS credits.

The Ministry of Education and Science of Ukraine approved the standards of higher education in the field of knowledge "Health care": bachelor's level in the specialties "Nursing", "Technologies of medical diagnosis and treatment", "Therapy and rehabilitation", "Public health"; master's degree in the specialties "Dentistry", "Medicine", "Nursing", "Technologies of medical diagnosis and treatment", "Medical psychology", "Pharmacy", "Therapy and rehabilitation", "Public health"; at the level of Doctor of Philosophy in the specialties "Dentistry", "Medical Psychology", "Public Health" (projects of standards have been developed for other specialties, which are currently undergoing examination). The standards of professional preliminary education for the preparation of professional junior bachelors in the specialties "Dentistry", "Nursing", "Technologies of medical diagnosis and treatment", "Pharmacy" have also been approved.

After obtaining a master's degree in the specialties "Dentistry", "Medicine", "Technology of medical diagnosis and treatment", "Medical psychology", "Pharmacy", "Pediatrics", mandatory internship (primary specialization) with the

duration of training from 1 to 3 years, depending on the specialty. The Ministry of Health of Ukraine has approved exemplary internship training programs for 23 specialties.

A secondary specialty is acquired after internship by doctors, dentists and pharmacists in specialization cycles with a duration of training from 1 to 9 months, depending on the specialty.

In accordance with Article 101 of the Law of Ukraine "On Veterinary Medicine", doctors of veterinary medicine and specialists of the veterinary laboratory network undergo advanced training at least once every five years at the faculties of postgraduate education in relevant institutions of higher education in the relevant field, as well as through participation in seminars and internships in Ukraine and abroad, taking into account specialization.

The continuous process of increasing the level of professional competence and continuous self-education of veterinarians and specialists of the veterinary laboratory network of the State Service of Ukraine on Food Safety and Consumer Protection (SSUFSCP) is carried out in the e-learning system "HR-process automation and talent management system MOCO", in particular, in matters of biological safety and biological protection, which takes into account the following: in the light of European legislation and in accordance with the Association Agreement between Ukraine and the European Union, the training of specialists must be provided continuously, as it is stated in Chapter 20 "Protection of consumer rights", Article 416 regarding the training of representatives of authorities and other representatives of consumer interests, Chapter 22 "Public health", where one of the ways of its provision is defined as personnel training, Annex XLII to Chapter 23 "Education, training and youth", Chapter V "Economic and sectoral cooperation": Recommendations of the European Parliament and the Council of April 23, 2008 on the creation of a European qualification system for the opportunity to receive education throughout life (No. 2008/C 111 /01).

Given the constant updating of requirements, rules and approaches, a system of continuous professional development is extremely important.

Annual professional development for veterinarians is also carried out under special short-term (certificate) programs, the scope of the program is 1 ECTS.

The Law of Ukraine "On Architectural Activity" (hereinafter referred to as the Law) defines the legal and organizational principles of architectural activity and is aimed at creating a favorable living environment, achieving aesthetic expressiveness, economic feasibility and reliability of buildings, structures and their complexes.

The Law defines that the subjects of architectural activity are architects and other persons who participate in the preparation and development of urban planning documentation, project documentation for construction, reconstruction, restoration, capital repair of buildings and structures, landscaping, landscape and park facilities, research and teaching work, customers of projects and construction of architectural

objects, contractors for the execution of design and construction works, manufacturers of building materials, products and structures, owners and users of architectural objects, as well as authorities exercising their powers in the field of urban planning.

The Law also provides for authorized bodies of urban planning and architecture, creative associations of architects, implementation of architectural activity, rights and obligations of subjects of architectural activity during the creation and operation of architectural objects, copyright on objects of architectural activity, responsibility for violations of legislation on architectural activity.

Responsible executors of certain types of work (services) related to the creation of architectural objects undergo professional attestation. The list of such types of work (services) and the procedure for professional attestation are established by the Cabinet of Ministers of Ukraine.

Citizens who have obtained a higher education at the educational and qualification levels of bachelor, specialist, master in the field of professional certification in accordance with the qualification requirements and have at least three years of work experience in their specialty are admitted to professional attestation.

At the same time, the order of the Ministry of Education and Science of Ukraine dated May 9, 2022 No. 418 approved the standard of higher education in the specialty of architecture and urban planning for the second (master's) level of higher education.

Citizens who have received the appropriate qualification certificate have a personal seal and are responsible for improper performance of works (services), the right to perform which is determined by the qualification certificate, and violation of the requirements of legislation, building regulations, standards and rules.

Persons who have received professional certification certificates from personnel certification bodies accredited in accordance with the Law of Ukraine "On Accreditation of Conformity Assessment Bodies" and included in the Unified State Electronic System are equated to work performers who have passed professional certification in accordance with this article in the field of construction.

● ***How many medical and dental specialisations do you regulate (especially from the ones with harmonised training contents in Article 25 and point 5.1.3. of Annex V of Directive 2005/36/EC). What is the duration and the content of these specialist programs?***

Currently, Ukraine has introduced: 23 internship specialties; 119 medical, 8 dental, and 6 pharmaceutical secondary specialties; 26 specialties of other professionals in the field of health care; 17 specialties and 23 job profiles for nurses, midwives, paramedics, laboratory assistants, assistants of pharmacists. Training in secondary specialties is carried out in specialization cycles.

The lists of specialties and the duration of training in accordance with the

speciality are defined by the following legislative acts:

the Order of the Ministry of Health of Ukraine dated 22.06.2021 No. 1254 “On approval of the Regulations on internships”;

the Order of the Ministry of Health of Ukraine dated 25.07.2023 No. 1347 “On approval of the List of cycles of specialisation and thematic improvement in medical and pharmaceutical (pharmacy) specialties”;

the Order of the Ministry of Health of Ukraine dated 10.11.2022 No. 2016 “On further improvement of the system of postgraduate education and continuous professional development of specialists with professional higher, initial (short cycle) and first (bachelor’s) level of higher medical and pharmaceutical education and masters in nursing”;

the Order of the Ministry of Health of Ukraine dated 23.01.2024 No. 112 “On Approval of the Nomenclature of Specialities of Healthcare Professionals in Healthcare Institutions, the List of Specialisation Cycles and Thematic Improvement in the Specialities of Healthcare Professionals in Healthcare Institutions and Professionals with Higher Non-Medical Education”.

● ***Do you allow for part time training on these professions? If so, how you calculate part time training in the context of the global training requirements?***

Part-time training of basic medical and dental training is not allowed

(Order of the Ministry of Education and Science of Ukraine No.1197 dated on Nov 08, 2021,

Order of the Ministry of Education and Science of Ukraine No. 879 dated on June 24, 2019)

Advanced training for veterinarians is carried out in full-time mode or in mixed mode (full-time study plus remote).

● ***Could you please provide a list of all relevant training institutions per profession?***

Training of health care workers is carried out in medical (pharmaceutical) universities (faculties of universities) and colleges of state, communal and private ownership on the basis of a license to conduct educational activities issued by the Ministry of Education and Science of Ukraine.

The most accurate list of educational institutions for basic medical and dental training per specialty is available at the Unified State Electronic Database on Education <https://registry.edbo.gov.ua/opendata/>.

Currently, specialists of the SSUFSCP are undergoing advanced training at the Educational and Scientific Institute of Continuing Education and Tourism of the National University of Life and Environmental Sciences of Ukraine and the State

Scientific Research Institute for Laboratory Diagnostics and Veterinary and Sanitary Examination.

- ***Have you already compared your training requirements with those of the EU? If yes, what is your initial assessment as regards compliance?***

A comparative analysis of the compliance of education requirements and educational programs in Ukraine with EU requirements is ongoing.

Recognition of foreign qualifications for establishment purposes

- ***Do you distinguish between recognition of foreign qualifications for academic purposes (academic recognition) and recognition for access to a profession and/or professional activities (recognition of professional qualifications)?***

Yes, these procedures differ. Recognition of foreign educational qualifications for academic purposes (nostrification of an education diploma) is carried out by the Ministry of Education and Science of Ukraine. Recognition of professional qualifications (granting the right to professional medical and pharmaceutical activity) is carried out by the relevant ministry - the Ministry of Health of Ukraine and health departments of local administrations.

Ukraine recognises seafarers' qualification documents issued to a master or an officer by a foreign state with which Ukraine concluded an agreement on the recognition of seafarers' qualification documents issued in accordance with the the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended (hereinafter referred to as the 1978 STCW Convention).

(For reference: The Shipping Administration, within its competence, performs activities on concluding Memoranda of Understanding on mutual recognition of Certificates of Competency and Certificates of Proficiency of seafarers with the State Parties to the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended, pursuant to Regulation I/10 of the said instrument. Currently, seafarer's certificates issued by the Ukrainian side are recognised by 54 states with which the relevant international interagency agreements have been concluded).

Foreigners and stateless persons who are in Ukraine on legal grounds, when carrying out architectural activities, enjoy the same rights and bear the same obligations as citizens of Ukraine, unless otherwise provided by the laws and international treaties of Ukraine, binding agreement which were provided by the Verkhovna Rada of Ukraine.

Namely, it is necessary to undergo professional certification of executors of works (services) related to the creation of architectural objects, conducted by the central body of executive power, which implements state policy in the field of

architecture.

On the territory of Ukraine, foreigners and stateless persons who have not received the appropriate qualification certificate can perform the works specified below and participate in the development of urban planning documentation, the design of architectural objects, the development of working documentation for construction only on the territory of Ukraine on the basis of contracts with specialists who have a qualification certificate.

Execution of design work on the creation of architectural objects does not require specialists to have a relevant qualification certificate in the case of:

execution of design works by specialists under the guidance of an architect or other specialist who has a qualification certificate for the performance of works of the corresponding profile;

development of design materials not intended for implementation (sketch, search, conceptual, etc.), proposals regarding the possibility and conditions of development of any land plot;

performance of works related to participation in urban planning and architectural competitions, unless otherwise provided for in their terms;

design of objects that, according to the law, do not require obtaining documents giving the right to perform construction works.

Architectural activity by individuals and legal entities of Ukraine on the territory of foreign countries is carried out in accordance with the laws and international treaties of Ukraine, the binding consent of which was given by the Verkhovna Rada of Ukraine, as well as the legislation of the host country.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***Which is/are the authority/authorities entrusted with the power to decide on applications for recognition of foreign professional qualifications for each regulated profession? Please describe the administrative structures and procedures for granting recognition of foreign professional qualifications.***

According to the Licensing conditions for the conduct of economic activity from medical practice, specialists who have undergone medical training (education and/or specialization) abroad can be admitted to professional activity in Ukraine after passing the legalization procedure. Recognition of professional qualifications (granting the right to professional medical and pharmaceutical activity) is carried out by the relevant ministry - the Ministry of Health of Ukraine - for doctors and pharmacists, health care departments of local administrations - for nurses in accordance with the Procedure for granting the right to professional activity in Ukraine to persons who have undergone medical or pharmaceutical training in educational institutions of foreign countries

<https://zakon.rada.gov.ua/laws/show/z0218-94#Text>

The decision to grant the right to professional activity in Ukraine is made based on an individual's application submitted to the relevant body or at the request of a health care institution, regardless of the form of ownership.

Certified copies are attached to the application:

a) certificate of the Ministry of Education and Science of Ukraine on the recognition of a foreign educational document;

b) a document about education;

c) certificate of a doctor (pharmacist)-specialist;

d) documents on the level of qualification (certificate of advanced training and availability of a qualification category by specialty);

e) a document confirming work experience in a specialty;

e) a document certifying the identity of the applicant.

Documents on education, qualification level and other documents submitted by the applicant are translated into Ukrainian and certified in accordance with the established procedure.

On the basis of the submitted documents, depending on the qualification level, additional conditions are determined, the fulfillment of which will make it possible to establish the compliance of the applicant's qualification level with the qualification requirements.

Additional conditions may be defined:

- for doctors (pharmacists) - training in an internship, specialization courses, internship with assignment (confirmation) of the qualification of a doctor (pharmacist) specialist, legalization of the qualification category;

- for nurses - specialization or improvement courses.

Training of doctors (pharmacists) in internships, specialization or internship courses and nurses - in specialization or improvement courses is carried out in medical (pharmaceutical) universities and colleges at the expense of natural (legal) persons.

Legalization of the qualification category is carried out in the Central Attestation Commission of the Ministry of Health.

After the applicant passes additional conditions and submits the relevant conclusions of the commissions of the educational institution to the Ministry of Health, the department of health protection of the local administration, they make one of the following decisions:

a) on granting the right to professional activity in Ukraine to a person who has undergone medical (pharmaceutical) training in educational institutions of foreign countries, subject to the award (confirmation) of the title of doctor (pharmacist)

specialist or legalization of the qualification category - for doctors (pharmacists), successful taking courses - for nurses;

b) on the refusal to grant the right to professional activity in Ukraine to a person who has undergone medical (pharmaceutical) training in educational institutions of foreign countries on the condition that the qualification of a doctor (pharmacist)-specialist is not assigned (not confirmed), refusal to legalize the qualification category for doctors (pharmacists), not passing or failing to pass courses for nurses.

Foreign educational documents undergo the recognition procedure to be valid in Ukraine (for employment or continuing education purposes). This means establishing compliance of the academic and professional rights, and comparing qualification levels indicated in foreign educational documents (qualifications) with the national education standards of Ukraine. The recognition procedure consists of the following steps:

- authenticity verification of all foreign educational documents submitted for recognition; that is, verification of the fact of completed education and issue of the educational document.

- verification of the official recognition of the educational institution that issued the educational document.

- establishment of the equivalency of foreign qualifications to the requirements for qualification levels in the education system of Ukraine. This is carried out with the involvement of appropriate expert commissions for respective qualifications.

The recognition procedure is carried out in accordance with the Order of the Ministry of Education and Science of Ukraine “Recognition Procedure for Higher Education Degrees Issued by Foreign Educational Institutions” No. 504 dated May 05, 2015 (as amended on 5 September 2022).

Professional certification of performers of works (services) related to the creation of architectural objects is carried out by the central body of executive power, which implements state policy in the field of architecture. The authority to carry out professional certification can be delegated to self-regulatory organizations in the field of architectural activity. The self-regulatory organization acquires the powers delegated to it/ceases to perform the powers delegated to it from the date of entering into the Unified State Electronic System in the field of construction information about the decision of the central executive body implementing the state policy in the field of architecture, on the delegation of such powers/termination of the performance of delegated powers.

- ***Is recognition of professional qualifications dependent upon a successful language test in all or some cases?***

A requirement for admission to an internship and medical practice in Ukraine is the presence of a certificate of proficiency in the state (Ukrainian) language, issued based on the results of passing an exam in institutions of higher education authorized

by the National Commission for State Language Standards.

According to the Law of Ukraine № 2704-VIII dated 25 April 2019 “On ensuring the functioning of the Ukrainian language as the state language” the persons, who are required to know the state language and use it during the performance of official duties: civil servants, heads of local state administrations, their first deputies and deputies; employees of the National Bank of Ukraine, officers serving under contract military service, senior (middle and senior) members of the National Police, other law enforcement and intelligence agencies, officials of other agencies who are assigned special ranks, members of the rank-and-file, non-commissioned and non-commissioned officers of the National Police, other law enforcement, intelligence agencies, and other agencies who are assigned special ranks, prosecutors, judges of the Constitutional Court of Ukraine, judges who are elected or appointed in accordance with the Constitution of Ukraine and administer justice on a professional basis, members and disciplinary inspectors of the High Qualification Commission of Judges of Ukraine, members of the High Council of Justice, lawyers, notaries, managers of educational institutions of all forms of ownership, pedagogical, scientific-pedagogical and scientific workers, except for foreigners, who are invited to HEIs and/or scientific institutions and work on a temporary basis as scientific, pedagogical, scientific-pedagogical workers or teachers of a foreign language and for other positions.

Respectively, the recognition of professional qualifications doesn't depend upon a successful language test, but the employment for the positions of some professions requires it.

- ***Is it possible to complete administrative procedures electronically?***

All applications and appeals can be sent to the Ministry of Health of Ukraine in electronic form through the official e-mail address with a response signed by an official using a qualified electronic signature to the e-mail address indicated by the applicant. In addition, specialized electronic systems are created to provide certain services.

In the system of academic recognition: It is possible to complete an application for recognition of qualifications to ENIC Ukraine (<https://naric.in.ua/>) electronically. Decisions on recognition of qualification can be collected in person or received via courier mail.

In order to conduct professional attestation, citizens submit an application for admission to conduct professional attestation in paper form or in electronic form through the electronic account of the user of the Unified State Electronic System in the field of construction or another state information system integrated with the Unified State Electronic System in the field of construction, to which is attached a defined list of documents.

- ***Does your legislation contain specific deadlines within which an application has to be assessed and a decision rendered? Are there any appeal mechanisms?***

The Ministry of Health, the health care department of the local administration, based on the decision to grant the right to professional activity, notifies the applicant in writing within a month. The decision to refuse to grant the right to professional activity in Ukraine to a person who has undergone medical (pharmaceutical) training in educational institutions of foreign countries is notified to the applicant in writing within a month, stating the reasons and defining additional conditions, the fulfillment of which will make it possible to meet the qualification requirements. The procedure for granting the right to professional activity in Ukraine to persons who have undergone medical (pharmaceutical) training in educational institutions of foreign countries is carried out within a month without taking into account the terms of fulfillment of additional conditions determined by the legislation of Ukraine. Decisions of the Ministry of Health, the Department of Health Protection of the local administration can be challenged in court in accordance with the legislation of Ukraine.

In the system of academic recognition: The established terms of the recognition procedure are as follows: no more than 45 calendar days from the moment of receiving all the necessary information. The right to appeal is included in the legislation, and the appeal mechanism is described on the ENIC Ukraine website: <https://naric.in.ua/en/appealing-against-the-recognition-decision.html>.

Regarding the recognition of seafarers' professional qualifications:

The term for consideration of the application is 5 working days.

The deadline for issuing the Endorsement is 5 working days after the decision of the State Qualification Commission for Seafarers.

The appeal mechanism is provided for in paragraphs 113-122 of the Regulation.

The review of the application for admission to professional attestation and the submitted documents is carried out within ten working days from the day of their receipt.

If, based on the results of the examination of the application for admission to professional attestation and the submitted documents, non-compliance of the performer with the qualification requirements and/or inaccurate information is revealed, a decision is made to refuse admission to professional attestation with justification of the reasons for the refusal.

In the absence of grounds for refusal of admission to professional attestation, a decision is made to conduct an exam to confirm professional specialization, level of qualification and knowledge.

The reason for refusing to issue a qualification certificate based on the results of the exam is failure to confirm professional specialization, level of qualification and knowledge.

The term of conducting the exam and making a decision on issuing a qualification certificate or refusing to issue it based on the results of the exam cannot exceed one month from the day of receiving the application for admission to professional certification and the submitted documents.

The decision to refuse admission to professional attestation and refusal to issue a qualification certificate can be appealed to the appeals commission of the central executive body that implements state policy in the field of architecture, or to a self-regulatory organization in the field of architectural activity (in the event that it acquires delegated powers) and /or in court. The procedure for the creation of the appeals commission of the central executive body that implements state policy in the field of architecture and the self-regulatory organization in the field of architectural activity and its consideration of complaints is determined by the Cabinet of Ministers of Ukraine in the Procedure for Professional Attestation.

Recognition of foreign qualifications for temporary or occasional provision of services

- ***Do you allow/prohibit/regulate the temporary or occasional provision of regulated services in your country by professionals established in other countries?***

During the period of martial law in Ukraine, as an exception, foreign medical workers, rehabilitation specialists (except citizens of the Russian Federation or the Republic of Belarus) or stateless persons who have arrived in Ukraine may be involved in the provision of medical and rehabilitation assistance on a volunteer basis under a simplified procedure.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***If yes, what are the professions or professional activities concerned?***

This applies to medical workers and rehabilitation specialists.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***If an application is required for such services to be provided, which is/are the competent authority/authorities assessing the applications? Based on what requirements? Is a formal recognition of professional qualifications required?***

The invitation of a health care facility or other enterprise, organization or institution that involves foreigners and stateless persons in volunteer activities is mandatory, if such medical workers, rehabilitation specialists meet the requirements for education and professional qualifications and have documents on education and

relevant professional qualifications, certified by consular legalization or affixing of an apostille in the country in which they work.

A health care institution or other enterprise, institution or organization that engages in the provision of medical or rehabilitation assistance foreigners or stateless persons who meet the requirements for education and professional qualifications and have documents on education and relevant professional qualifications certified by consular legalization or by affixing an apostille in the country in which they work, within five working days from the moment of involvement, the central executive authority, which ensures the formation and implementation of state policy in the field of health care, is notified about the period for which these persons are involved.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Is recognition of professional qualifications dependent upon a successful language test in all or some cases?***

That is correct, a requirement for admission to an internship and medical practice in Ukraine is the presence of a certificate of proficiency in the state (Ukrainian) language, issued based on the results of passing an exam in institutions of higher education authorized by the National Commission for State Language Standards.

- ***Please describe the relevant administrative structures and procedures.***

According to the Licensing Conditions for Conducting Economic Activity in Medical Practice, specialists who have undergone medical training (education and/or specialization) abroad may be admitted to professional activity in Ukraine after passing the legalization procedure. Recognition of professional qualifications (granting the right to professional medical and pharmaceutical activity) is carried out by the relevant ministry - the Ministry of Health of Ukraine - for doctors and pharmacists, health departments of local administrations - for nurses in accordance with the Procedure for granting the right to professional activity in Ukraine persons who have undergone medical or pharmaceutical training in educational institutions of foreign countries.

- ***Is it possible to complete administrative procedures electronically?***

All applications and appeals can be sent to the Ministry of Health of Ukraine in electronic form through the official e-mail address with a response signed by an official using a qualified electronic signature to the e-mail address indicated by the applicant. In addition, specialized electronic systems are created to provide certain services.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *Does your legislation contain specific deadlines within which an application has to be assessed and a decision rendered? Are there any appeal mechanisms?*

The Ministry of Health, the health care department of the local administration, on the basis of the decision to grant the right to professional activity, notifies the applicant in writing within a month. The decision to refuse to grant the right to professional activity in Ukraine to a person who has undergone medical (pharmaceutical) training in educational institutions of foreign countries is notified to the applicant in writing within a month, stating the reasons and defining additional conditions, the fulfillment of which will make it possible to meet the qualification requirements. The procedure for granting the right to professional activity in Ukraine to persons who have undergone medical (pharmaceutical) training in educational institutions of foreign countries is carried out within a month without taking into account the terms of fulfillment of additional conditions determined by the legislation of Ukraine. Decisions of the Ministry of Health, the Department of Health Protection of the local administration can be challenged in court in accordance with the legislation of Ukraine.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

In 2024, it is planned to introduce a medical residency in certain specialties (after an internship) with a training duration of 3–4 years. This form of training of specialist doctors will gradually replace training in specialization cycles. Nurses, midwives, paramedics, laboratory assistants, pharmacists' assistants can also acquire a secondary specialty or partial professional qualification in specialization cycles.

As regards the mutual recognition of professional qualifications, legislation and approaches continue to evolve in the medical education sector.

In Ukraine, the recognition of qualifications is based on a comparative assessment of the education and professional qualifications of the applicant seeking recognition with the relevant professional qualifications defined by the professional standard approved in Ukraine. Ukraine is in the process of implementing EU law on professional recognition.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report

in the framework of the 2023 Enlargement Package.

In the coming year, Ukraine should in particular:

- take measures towards eliminating existing restrictions for the provision of services, using the possibilities provided by the Association Agreement;
- complete approximation with the EU postal *acquis*, including with the Regulation on cross-border parcel delivery services;
- continue its progress in aligning with the EU *acquis* on mutual recognition of professional qualifications.

In order to transpose Directive 97/67/EC (as amended), during the reporting period, the following provisions thereof were implemented:

- Introduction of rules regarding tariff principles and transparency of accounts for the provision of universal postal services (Articles 1, 13-14): the Procedure for regulating and setting prices (tariffs) for postal services for forwarding domestic ordinary and registered letters without declared value (registered) weighing up to 50 grams and postal cards (universal service) was approved. The regulator sets tariffs caps for relevant services;

- Introduction of rules on providing information (Articles 1, 22a): the Procedure for submission of reporting and information by postal operators was approved;

- Introduction of rules regarding the quality of postal services (Articles 1, 19): the Rules for the provision of postal services (hereinafter – the Rules), which entered into force on 14 October 2023, include provisions regulating the procedure and grounds for submitting appeals (complaints) by consumers of postal services. On the whole, the Rules determine the procedure for providing postal services, the rights and obligations of postal operators and users of postal services, and regulate relations between them.

As of 31 March 2024, 71 qualification centres were operating, providing 210 unique professional qualifications. The qualification centres issued 2,550 certificates of professional qualifications.

The National Qualifications Agency has been delegated by the Ministry of Education and Science of Ukraine to launch and operationalise the NCP EQF, Europass and Euroguidance National Centres. The NCP EQF was established in Ukraine by the Agency's decision of 17 March 2023.

On 05 November 2023, the National Qualifications Agency submitted an application for participation in the Erasmus+ project to launch and operationalise the designated National Centres.

In preparation for the launch of Europass and Euroguidance National Centres, respective working groups and peer contacts with Serbian, Latvian and Polish colleagues were established.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 2: Internal Market

**CHAPTER 4 – Free Movement of
Capital**

EUWA

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Answers to the Guiding Questions

GENERAL: *Are strategies/action plans in this area in place and if so, are adequate resources dedicated to them (human and financial) for monitoring/implementation and do they produce concrete results?*

After martial law was imposed in Ukraine, the National Bank of Ukraine applied temporary FX restrictions outlined in NBU Board Resolution No. 18 *On Operation of Banking System Under Martial Law* dated 24 February 2022 (as amended) (hereinafter referred to as Resolution No. 18). As part of these restrictions, bans on trade in currency valuables and cross-border transfers of currency valuables from Ukraine were put in place, which apply, among other things, to transactions related to movement of capital. Since Resolution No. 18 took effect, its provisions have been repeatedly updated to expand the list of permitted FX transactions.

The NBU has consistently upheld its position that FX liberalization remains one of the priorities, principles, and prerequisites for the implementation of monetary and exchange rate policy measures to return to inflation targeting with a floating exchange rate.

On 29 June 2023, the NBU Board approved the Strategy for Easing FX Restrictions, Transitioning to Greater Flexibility of the Exchange Rate, and Returning to Inflation Targeting (hereinafter referred to as the “Strategy”) developed by the NBU in cooperation with the International Monetary Fund under the Extended Fund Facility arrangement. The Strategy contains a Roadmap for the Liberalization of FX Restrictions. Its purpose is to go back to the FX restrictions regime that was in effect before the large-scale invasion. The Strategy is built on meeting prerequisites for its implementation, not deadlines. The high level of international reserves is also an important basis for promoting the Strategy and the Roadmap. Progress has been made in implementing the first stage of the Roadmap.

I. CAPITAL MOVEMENTS AND PAYMENTS

• *Please indicate the current level of liberalisation for those types of capital transactions, which have not been completely liberalised so far (including a description of conditions attached to the liberalisation), and plans and timetables for their complete liberalisation.*

Pursuant to Resolution No. 18, temporary restrictions on FX transactions and cross-border movement of capital from Ukraine were imposed for the duration of martial law, among other things.

The NBU is constantly working to further loosen/remove the FX restrictions. The macroeconomic prerequisites that had been met enabled the NBU to ease a number of FX restrictions between 15 June 2023 and 31 March 2024.

In particular, the list of transactions related to movement of capital that are not subject to the ban on cross-border transfers of currency valuables from Ukraine

and/or transfer to a nonresident bank's correspondent account opened with a Ukrainian bank, was expanded during said period. Specifically:

In June-October 2023, several measures were taken to ease funds transfers from Ukraine to repay (except for early repayment purposes) and service certain categories of external credits/loans. In particular, the following transfers were allowed:

(i) for credits/loans implemented with the participation (through guarantee, surety) of international financial institutions that Ukraine membership of and international financial institutions with which Ukraine has signed agreements to ensure the legal regimes provided to other international financial institutions, or for credits/loans implemented with the participation (through lending, insurance, guarantee, surety) of a foreign export credit agency and/or a foreign state through an entity authorized by it and/or a foreign entity whose members (shareholders) include a foreign state or a foreign bank [provided that the foreign state is a member (shareholder) of this bank]. On 7 October 2023, the NBU also allowed funds transfers from Ukraine for early repayment of obligations under those of said credits and loans that are fully received and repaid after 20 June 2023.

(ii) for newly received (after 20 June 2023, with the receipt of credit funds from abroad to be credited to borrowers' accounts in Ukraine) external credits/loans for which the amount of actual repayments to service the credit/loan does not exceed 12% per annum. To make interest payments and pay commissions on a credit/loan with a maturity of no more than three years, a resident borrower can use only their own funds that have not been purchased or raised in the form of a credit/loan from a resident. Transfers of funds under a credit/loan with a maturity of more than three years can be carried out by a resident borrower at the expense of their own FX funds and/or foreign currency purchased on their behalf in the prescribed manner (except for transfers to repay the principal amount of the credit/loan during the first three years, which is allowed to be made only at the expense of own [not purchased, not raised in the form of a credit/loan from a resident] funds).

(iii) to meet the restructured obligations of state-owned borrower companies on external loans (if the terms of such restructuring were approved by the Cabinet of Ministers of Ukraine [hereinafter referred to as the "CMU"]).

Transfers of hryvnia funds were allowed to hryvnia correspondent accounts of nonresident banks opened with resident banks under transactions with Ukrainian domestic government debt securities denominated in the hryvnia that occur with the participation of a nonresident bank.

Cross-border transfers of funds were allowed from Ukraine by a commodity exchange to a nonresident to repay the amount of the security deposits previously paid by the nonresident to participate in trading (auctions), provided that said transfers are conducted within the amount of funds previously received from abroad as payment of the respective security deposit by a nonresident.

Cross-border transfers of funds from Ukraine were allowed in order to meet the prerequisites for the transmission system operator to carry out calculations related to the distribution of cross-border transmission capacity (under revenue distribution transactions between transmission system operators of Ukraine and a neighboring country, as well as repayments of funds to nonresidents pre-transferred to their escrow accounts in Ukraine for participating in auctions to distribute cross-border transmission capacity).

Cross-border transfers from Ukraine were allowed in order to pay for goods delivered before 24 February 2021 in cases where such transfers are made at the expense of state budget funds.

Export Credit Agency PJSC (hereinafter referred to as ECA) was allowed to transfer funds abroad for reimbursement/compensation of costs under insurance and reinsurance agreements concluded with foreign insurance (reinsurance) companies, as well as to pay ECA expenses related to such transactions (said transactions are carried out to implement CMU Resolution No. 1140 *On the Allocation of Funds from the Reserve Fund of the State Budget to Guarantee Safety of Navigation and Promote Stability of Maritime Transportation* dated 2 November 2023 (as amended)).

The Ukrainian transmission system operator NPC Ukrenergo was allowed to transfer funds abroad in favor of the European Joint Allocation Office (hereinafter referred to as “JAO”) to carry out a coordinated transmission capacity.

In addition, between 15 June 2023 and 31 March 2024, the list of current transactions for which cross-border transfers of currency valuables from Ukraine are allowed has been expanded:

- to pay pensions and cash benefits to Ukrainians through the designated operator of postal services in accordance with CMU regulations adopted for the duration of martial law in Ukraine regarding the payment and delivery of pensions and cash benefits.
- to pay medical institutions in foreign countries for rehabilitation services and additional expenses related to treatment (consulting, tests, etc.).
- to purchase prostheses (their parts) abroad and pay for their installation and maintenance.
- to pay for services of educational institutions located in foreign countries to meet the needs of young people who study abroad, other than tuition. Specifically: payments for accommodation, student visa, commutes from the dormitory to the place of study, meals, insurance, and emergency medical care.

At the same time, between 15 June 2023 and 31 March 2024, changes were made to Resolution No. 18 to improve restrictive measures aimed at preventing a flight of funds from Ukraine or disruptions to FX inflows into Ukraine:

On 12 August 2023, a restriction was put in place that the bank does not have the right to complete the FX supervision of residents’ compliance with the settlement

deadlines for imports of goods if a full or partial return of funds to the importer takes place from a nonresident's account opened with a bank in Ukraine.

Effective 7 October 2023, to prevent the flight of funds abroad through transactions with foreign securities, banks are prohibited from disposing of foreign-issued securities and/or taking other actions that may lead the disposal of foreign-issued securities in favor of: (i) residents (except other banks), (ii) nonresidents, except for transactions under agreements to purchase and sell said securities with exclusively FX cash settlements under such agreements with nonresidents outside Ukraine and/or through cross-border transfers.

The list of cases whereby the bank has no right to complete the FX supervision of residents' compliance with the settlement deadlines for exports and imports of goods is supplemented by the case in which the bank closes all accounts of a resident client that carried out export-import transaction via this bank (the bank is obliged to continue to carry out the FX supervision of the resident's transactions to export and/or import goods that were under FX supervision in the bank on the date when the last of the accounts opened with this bank was closed).

Starting 21 February 2024, during the completion of FX supervision to meet settlement deadlines for the export of goods, FX transfers to Ukraine are what count (i.e., transfers in hryvnias are not grounds to complete FX supervision).

The NBU will continue the step-by-step implementation of measures to ease/cancel FX restrictions if the prerequisites are met in accordance with the Roadmap under the Strategy for Easing FX Restrictions, Transitioning to Greater Flexibility of the Exchange Rate, and Returning to Inflation Targeting.

• *Please describe the key features of the legislation on foreign exchange operations.*

The information provided by Ukraine as part of the EU membership Questionnaire (question 3) remains relevant.

In addition to data from the Questionnaire, we are letting you know that today the procedure for issuing, suspending, renewing, and revoking (cancelling) licenses of NBFIs and postal operators to make FX transactions (except for licenses to trade in currency valuables) is regulated by NBU Board Resolution No. 43 *On the Approval of the Regulation On the Procedure for the Licensing of FX Transactions* dated 31 March 2023. Resolution No. 43 repeals NBU Board Resolution No. 297 *On Approval of the Regulation on the Procedure for Granting General Licenses for Foreign Exchange Transactions to Nonbanking Institutions* dated 9 August 2002.

• *Please explain the nature and scope of restrictions on the acquisition of real estate by foreigners (i.e. natural and legal persons from the EU and third countries).*

The purchase of real estate in Ukraine by nonresidents is one of the forms of foreign investment. Under Law of Ukraine No. 93/96–VR *On the Regime of Foreign Investments* dated 19 March 1996 and the Regulation *On Safeguards and Procedures for Certain Transactions in Foreign Currency* approved by NBU Board Resolution No. 5 dated 2 January 2019 (as amended), foreign investments in investment items in Ukraine (including real estate) can be made by investing valuables (funds) on the territory of Ukraine or by transferring funds from abroad to Ukraine.

To make a foreign investment in Ukraine, a foreign investor transfers foreign currency/hryvnias from abroad to their (current, investment, escrow, correspondent) bank accounts, including through correspondent accounts of nonresident banks opened with banks, or transfers directly into a resident's current/correspondent account in Ukraine foreign currency/hryvnias from abroad.

All cross-border transfers of FX valuables from Ukraine in transactions involving the sale of real estate by a nonresident are currently temporarily prohibited in accordance with paragraph 14 of NBU Board Resolution No. 18.

Pursuant to Article 26 (1) of the Constitution of Ukraine, foreigners and stateless persons legally staying in Ukraine enjoy the same rights and freedoms and bear the same responsibilities as Ukrainian citizens, with the exceptions established by the Constitution, laws or international treaties of Ukraine. In turn, the Civil Code of Ukraine (hereinafter - the CC) is the main act of civil legislation of Ukraine (Article 4 (2)). Book Three of the CC deals with property rights and other rights in rem.

Pursuant to Article 318 (1) of the CC, the subjects of property rights are the Ukrainian people and other participants in civil relations as defined in Article 2 of this Code, namely: individuals and legal entities (hereinafter referred to as "persons"), Ukraine, the Autonomous Republic of Crimea, territorial communities, foreign states and other subjects of public law. While according to part two of the said article, all subjects of property rights are equal before the law. At the same time, it is worth noting certain restrictions.

Pursuant to Article 325 (2) of the CC, individuals and legal entities may own any property, except for certain types of property that cannot be owned by them under the law.

We note that according to the Article 181 (1) of the CC, real property (immovable property, real estate) includes land plots and objects located on a land plot, the movement of which is impossible without their depreciation and change of their purpose.

In turn, pursuant to Article 374 (2) of the CC, foreigners and stateless persons may acquire ownership of land (land plots) in accordance with the law. Foreign legal entities, foreign states and international organizations may be subjects of land (land plot) ownership in cases established by law.

Pursuant to Article 3 (1) of the Land Code of Ukraine (hereinafter - "LC"), land relations are regulated by the Constitution of Ukraine, this Code, and regulations adopted in accordance with them. Pursuant to Article 81 (2) and (3) of the LC, foreigners and stateless persons may acquire ownership of non-agricultural land plots within settlements, as well as non-agricultural land plots outside settlements on which real estate objects belonging to them on the basis of private ownership are located. Foreigners and stateless persons may acquire ownership of land plots in accordance with part two of this Article in the following cases: a) acquisition under a sale and purchase agreement, rent, gift, exchange, or other civil law transactions; b) redemption of land plots on which real estate objects belonging to them are located; c) inheritance.

Pursuant to the Article 82 (2) of the LC, legal entities established and registered in accordance with the laws of a foreign country may acquire ownership of non-agricultural land plots: a) within settlements in case of acquisition of real estate and for construction of facilities related to business activities in Ukraine; b) outside settlements in case of acquisition of real estate.

Please note that, in accordance with the requirements of the Article 130 (1; 3) of the LC, foreigners, stateless persons and legal entities established and registered under the laws of a foreign state may not acquire ownership of agricultural land plots. Foreigners, stateless persons and legal entities are prohibited from acquiring shares in the authorized (share) capital, stocks, shares, membership in legal entities (except for the authorized (share) capital of banks) that own agricultural land. Pursuant to Article 81 (4) and Article 82 (3) of the LC, agricultural land plots inherited by foreigners, stateless persons and legal entities that cannot acquire ownership of such land in accordance with this Code are subject to alienation within one year.

Part two of Article 145 of the LC provides that if, in accordance with the law, the owner of a land plot is obliged to alienate it within a certain period of time and the land plot has not been alienated within such period, such land plot is subject to confiscation by a court decision. We also inform you that the fourth parts of Articles 83 and 84 of the LC define the lists of municipal and state-owned lands that cannot be transferred to private ownership. Please note that relations related to the alienation/acquisition of real estate under martial law are regulated, inter alia, by the Resolutions of the Cabinet of Ministers of Ukraine No. 164 *Some issues of notary during martial law* dated February 28, 2022 and No. 187 *On ensuring the protection of national interests in future claims of the state of Ukraine in connection with the military aggression of the russian federation* dated March 3, 2022 (hereinafter - Resolution No. 187).

In accordance with paragraph 1 of Resolution No. 187, in order to ensure the protection of national interests in future claims of the State of Ukraine in connection with the military aggression of the russian federation, until the Law of Ukraine on the Settlement of Relations Involving Persons Associated with the Aggressor State is adopted and enters into force, a moratorium (ban) is established on:

1) fulfillment, including through enforcement, of monetary and other obligations, the creditors (claimants) of which are the Russian Federation or persons associated with the aggressor state;

2) alienation, pledging, any other actions that have or may result in the alienation of real estate, securities, corporate rights, rights of claim against the debtor in bankruptcy (insolvency) cases, vehicles, aircraft, ships, inland navigation vessels by the Russian Federation or persons related to the aggressor state, except for free-of-charge alienation/transfer in favor of the State of Ukraine; satisfaction of the National Bank's claims under the refinancing loans granted to support the liquidity of banks; alienation by the Deposit Guarantee Fund or an authorized person of the Fund of the property of a bank in respect of which the National Bank has decided to revoke the banking license and liquidate the bank; alienation of the right to participate in a legal entity if there is a decision of the Cabinet of Ministers of Ukraine on approval of such alienation;

3) alienation, pledge, any other actions such as subparagraph 1 of paragraph 1 of Resolution No. 187 defines the circle of persons considered to be associated with the aggressor state, in particular, such persons include citizens of the Russian Federation, except for those who legally reside in Ukraine, legal entities established and registered in accordance with the legislation of the Russian Federation.

II. PAYMENT SYSTEMS

• *What are the general rules governing non-cash payments? What are the general conditions applicable for cross-border payments, in particular with EU Member States? Are they different from those concerning national payments? If yes, describe main differences.*

Legislation governing cashless payments includes:

1. Civil Code of Ukraine;
2. Law of Ukraine No. 1591–IX *On Payment Services* dated 30 June 2021, which took effect on 1 August 2022 and which takes into account the provisions of Directive (EU) 2015/2366 and Directive 2009/110/EU. In particular, this law:
 - defines the concept and general procedure for performing payment transactions in Ukraine;
 - establishes the exclusive list of and procedure for provision of payment services, identifies categories of payment services providers, and sets authorization requirements for their operation;
 - determines the general principles for the functioning of payment systems in Ukraine and for the issuing and use of electronic money in Ukraine;
 - establishes the rights, obligations, and responsibilities of the participants in the Ukrainian payment market;
 - sets forth a procedure for performing the oversight of payment infrastructure;

- lays out a procedure for payment service providers to obtain access to user accounts (open banking) (effective 1 August 2025).

3. Law of Ukraine No. 361-IX *On the Prevention and Counteraction to Legalizing (Laundering) the Proceeds from Crime, Terrorism Financing, and Financing the Proliferation of Weapons of Mass Destruction* dated 6 December 2019;

4. Law of Ukraine *On Financial Services and Financial Companies* which took effect on 1 January 2024.

In addition, to implement Law of Ukraine No. 1591-IX *On Payment Services* dated 30 June 2021, a number of regulations were adopted. Specifically:

– Instruction *On Cashless Payments in Domestic Currency of Payment Services Users* (NBU Board Resolution No. 163 dated 29 July 2022);

– Regulation *On Engaging Commercial Agents for Providing Financial Payment Services* (NBU Board Resolution No. 168 dated 2 August 2022);

– Regulation *On Registration of Payment Systems, Payment System Participants, and Technical Payment Services Providers* (NBU Board Resolution No. 208 dated 26 September 2022);

– Regulation *On Procedure for Authorization of Activities of Payment Service Providers and Providers of Limited Payment Services* (NBU Board Resolution No. 217 dated 7 October 2022, as amended);

– Regulation *On Issuing and Acquiring Payment Instruments* (NBU Board Resolution No. 164 dated 29 July 2022);

– Regulation *On Procedure for Executing Payment Orders by Payment Service Providers in Foreign Currency and Investment Metals* (NBU Board Resolution No. 216 dated 28 July 2008 (as amended by NBU Board Resolution No. 189 dated 25 August));

– Regulation *On Issuing and Executing Transactions with E-Money* (NBU Board Resolution No. 210 dated 29 September 2022);

– Instruction *On the Interbank Money Transfers in Ukraine in Domestic Currency* (NBU Board Resolution No. 16 dated 3 March 2023 (as amended));

– Interbank payment transactions in the domestic currency are carried out through the new generation of the NBU System of Electronic Payments (SEP 4.0) based on the international standard ISO 20022 in 24/7 mode;

– Regulation *On Inspections of Nonbank Payment Services Providers, Providers of Limited Payment Services* (NBU Board Resolution No. 47 dated 6 April 2023);

– Amendments to the Regulation *On Procedure for Authorization of Activities of Payment Service Providers and Providers of Limited Payment Services* (approved by NBU Board Resolution No. 54 dated 21 April 2023);

- Regulation *On the Use of Enhanced Authentication in the Payment Market* (NBU Board Resolution No. 58 dated 3 May 2023);
- Regulation *On Implementation by the National Bank of Ukraine of Nonresident Supervision on the Payment Market over Nonbank Payment Service Providers and Limited Payment Service Providers* (NBU Board Resolution No. 60 dated 5 May 2023);
- Regulation *On the Presentation of Demands and the Application of Enforcement Measures to Payment Infrastructure Entities Overseen by the National Bank of Ukraine* (NBU Board Resolution No. 61 dated 9 May 2023);
- Amendments to Regulation *On Engaging Commercial Agents for Providing Financial Payment Services* (NBU Board Resolution No. 117 dated 18 September 2023);
- Amendments to the Regulation *On Registration of Payment Systems, Payment System Participants, and Technical Payment Services Providers* (NBU Board Resolution No. 156 dated 5 December 2023).

Furthermore, in accordance with the NBU’s Strategy until 2025 and the SEP development roadmap, the NBU in 2023 migrated to a new generation of the NBU SEP (SEP 4.0) based on ISO 20022 international standard.

At the same time, while under martial law in Ukraine, cross-border transfers are performed in compliance with the requirements of Resolution No. 18.

Updated version of Resolution No. 18 is available on the NBU’s official website at:
https://bank.gov.ua/admin_uploads/law/Resolution_24022022_18_kp_eng.pdf

• *Are banks the only authorised institutions to execute payment transactions? If not, what other institutions are authorised to perform them?*

The information provided by Ukraine as part of the as part of the EU membership Questionnaire (question 15) and the 2023 Enlargement Package remains relevant.

Guiding Question 6. Is the information on the conditions governing the use of payment services fully transparent and easily available for payment service users? Are there any specific rules concerning charges for payment services?

In line with Article 37 of the Law of Ukraine *On Payment Services*, the acquiring procedure in payment systems shall be determined by the rules of the respective payment systems, taking into account the requirements of this Law and regulations of the National Bank of Ukraine.

Acquirer and/or issuer shall have a right directly and indirectly (through third parties) to pay commission fees for every payment transaction with a payment card between them (hereinafter referred to as the “interchange fee”).

Merchant pays a commission fee and/or other fees for acquiring under the agreement concluded between them (hereinafter referred to as the “acquiring fee”).

If the interchange fee changes (increases or decreases), the acquirer is required to make the respective adjustment of the acquiring fee in line with terms and procedure set out in the agreement between the acquirer and the merchant.

Information on the amount of these fees is transparent and accessible to users, i.e., it is published on the NBU’s official website in accordance with Article 82 of the Law of Ukraine *On Payment Services* and the Regulation *On Conducting Onsite and Offsite Monitoring of Supervised Entities of the Payment Infrastructure* approved by NBU Board Resolution No. 257 dated 31 December 2022.

In line with Article 82 of the Law of Ukraine *On Payment Services*, in order to perform the oversight function prescribed by the Law, the NBU is authorized to receive from the overseen entities, including the nonresident ones, on a free-of-charge basis the information and documents about their operation, in particular the statistical reporting data, the acquiring fee, and the interchange fee.

Overseen entities, including the nonresidents, are obligated to provide the NBU with the information and documents about the statistical reporting data, the acquiring fee, and the interchange fee as prescribed by Ukrainian law.

In line with Articles 67 and 68 of the Law of Ukraine *On the National Bank of Ukraine* and according to the procedure set out in the NBU regulations, the NBU is authorized to publish (post) in accordance with the Law of Ukraine *On Official Statistics* information on the statistical reporting data on operations of overseen entities, the acquiring fee, and the interchange fee provided by overseen entities, including nonresidents (save for bank secrecy) and/or information generated by the NBU in the course of oversight.

III. FIGHT AGAINST MONEY LAUNDERING AND TERRORIST FINANCING

• *To what extent is legislation aligned with the EU Directive on Anti-Money Laundering and with the Transfer of Fund Regulation?*

In order to ensure the implementation of the Law of Ukraine dated September 6, 2022 No. 2571-IX *On Amendments to Certain Laws of Ukraine on Improving the Regulation of Ultimate Beneficial Ownership and Ownership Structure of Legal Entities (hereinafter - the Law № 2571)*, representatives of the State Financial Monitoring Service of Ukraine (hereinafter – the SFMS)

took part in the meetings of the working group on the development of the draft Methodology for Determining the Ultimate Beneficial Owner by a Legal Entity, established in accordance with the Order of the Ministry of Finance of Ukraine of 14.04.2023 No. 192, where the comments and suggestions provided by the group members were processed and discussed.

Based on the results of the work of the working group, the SFMS processed the draft resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine *On Approval of the Methodology for Determining the Ultimate Beneficial Owner by a Legal Entity*, sent by the letter of the Ministry of Finance of Ukraine of 11.09.2023 No. 26120-04-5/24695, and approved the draft without comments (letter of the SFMS of 12.09.2023 No. 3115/330-06-4).

Accordingly, the Government of Ukraine approved the Resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine *On Approval of the Methodology for Determining the Ultimate Beneficial Owner by a Legal Entity* of 19.09.2023 No. 1011.

In addition, during the reporting period, the SFMS processed and submitted proposals to the provisions of the Order of the Ministry of Justice of Ukraine *On Approval of the Procedure for Verification of Information Provided by a Legal Entity in Explanations and Documents to Confirm Information on the Ultimate Beneficial Owner and/or Ownership Structure of a Legal Entity* of 14.09.2023 No. 3265/5, aimed at implementing the requirements of the Law № 2571.

A working group involving the CMU, the NSDC, the MFA, the SSU, the MIA, the SFMS, the MoF, the MoJ and other authorities developed a draft Law of Ukraine *On the Principles of Sanctions Policy of Ukraine*. The draft law was sent to the SFMS for approval by the Ministry of Finance by the letter of 25.07.2023 No. 26110-04-5/20204. The SFMS processed the draft Law and notified the Ministry of Finance of Ukraine by the letter of 26.07.2023 No. 2529/810-06-4 that the draft Law was approved without any comments.

The SFMS, within the framework of the work of the Council on Virtual Assets, provided a number of proposals to the content of the new version of the draft Law *On Virtual Assets* prepared by the NSSMC, 9 of which were taken into account. By the letter of the NSSMC of 21.07.2023 No. 39/7794, the revised draft Law was sent to the SFMS for consideration and submission of proposals. Based on the results of the processing of the draft Law, the SFMS provided relevant proposals to the draft Law by the letter of 31.07.2023 No. 2594/810-06-2.

The SFMS, based on the results of the processing of the draft Law of Ukraine *On Amendments to the Law of Ukraine “On Prevention and Counteraction to Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction”* regarding politically exposed persons” (No. 9269-Д), informed the Ministry of Finance of Ukraine of its support for the Law adoption.

In addition, the First Deputy Head of the SFMS took part in the meetings of the Verkhovna Rada Committees on Finance, Taxation and Customs Policy, as well as on Ukraine’s integration into the European Union, where the above-mentioned draft Law was discussed.

The SFMS also prepared and sent a letter to the Verkhovna Rada Committee on Finance, Taxation and Customs Policy with proposals to the revised draft Law,

which, according to the SFMS, should be taken into account in the course of preparation for the second reading

In order to adapt the legislation to the provisions of Directive (EU) 2015/849 and the FATF Recommendations, the implementation of which is provided for in the Association Agreement, in terms of bringing terminology in line with international standards and improving the provisions of the risk-based approach to business relations with politically exposed persons, on October 17, 2023, the Law of Ukraine *On Amendments to the Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction* (No. 3419-IX) was adopted and entered into force on October 29, 2023.

In addition, on November 2, 2023, the relevant Committee of the Verkhovna Rada of Ukraine approved an opinion recommending the adoption of the draft Law of Ukraine *On Amendments to Certain Laws of Ukraine on Adapting Ukrainian Legislation to Certain Standards of the Financial Action Task Force (FATF)* (reg. No. 10072 of 19.09.2023).

On November 07, 2023, the Verkhovna Rada of Ukraine registered the Draft Law *On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Regarding the Regulation of the Turnover of Virtual Assets in Ukraine* (Reg. No. 10225).

On November 17, 2023, the Verkhovna Rada of Ukraine registered an alternative draft Law *On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Regarding the Regulation of the Turnover of Virtual Assets in Ukraine* (Reg. No. 10225-1).

The draft Laws are currently being considered by the relevant Committee of the Verkhovna Rada of Ukraine. The SFMS has submitted its position regarding these draft Laws to the systems of interaction between the Cabinet of Ministers of Ukraine and the Verkhovna Rada of Ukraine.

For the implementation of the Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (the 4th AML/CFT Directive), Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU (the 5th AML/CFT) and Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006 into Ukrainian legislation the Verkhovna Rada of Ukraine adopted the Law of Ukraine No. 2571-IX "On Amendments to Certain Laws of Ukraine on Improving the Regulation of Ultimate Beneficial Ownership and

Ownership Structure of Legal Entities" of 6 September 2022 (hereinafter - the Law No. 2571-IX). The Law is aimed at simplifying the submission of information on ultimate beneficial owners (hereinafter - the UBOs) and ownership structures by legal entities entered in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations (the Unified State Register), establishing a mechanism for verification of such information by the state registrars, creating a system of methodological assistance for determination of the UBOs and ownership structures of legal entities, etc.

In order to implement the provisions of the Law No. 2571-IX, the Ministry of Justice of Ukraine adopted the following by-laws:

1. Order of the Ministry of Justice of Ukraine of 14 June 2023 No. 2211/5 *On Approval of the Procedure for Providing Explanations and/or Documents by a Legal Entity to Confirm Information on the Ultimate Beneficial Owner and/or Ownership Structure of a Legal Entity, as well as the Procedure for Their Consideration*, registered in the Ministry of Justice of Ukraine on 14 June 2023 under No. 990/40046;

2. Joint order of the Ministry of Justice of Ukraine and the Ministry of Finance of Ukraine of 10 July 2023 No. 2513/5/378 *On Approval of the Procedure for the Transfer by the Holder of the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations of Information on Discrepancies between Information on the Ultimate Beneficial Owners and/or Ownership Structure of a Legal Entity Received by the Subject of Initial Financial Monitoring as a Result of Due Diligence of a Legal Entity and the Relevant Information in the aforesaid Register, and on the Subject of Initial Financial Monitoring that Revealed Such Discrepancies to a Specially Authorized Body* registered in the Ministry of Justice of Ukraine on 11 July 2023 under No. 1168/40224;

3. Order of the Ministry of Justice of Ukraine of 12 July 2023 No. 2542/5 *On Approval of the Procedure for Notifying the Holder of the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations of Discrepancies between the Information on Ultimate Beneficial Owners and/or Ownership Structure of a Legal Entity Received by the Subject of Initial Financial Monitoring as a Result of Due Diligence and the Information on Ultimate Beneficial Owners and/or Ownership Structure of a Legal Entity Entered into the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations*, registered in the Ministry of Justice of Ukraine on 12 July 2023 under № 1185/40241;

4. Order of the Ministry of Justice of Ukraine of 13 September 2023 No. 3258/5 *On Approval of the Procedure for Bringing to Liability and the Procedure for Determining the Amount of Fines for Violations in the Field of State Registration of Legal Entities*, registered in the Ministry of Justice of Ukraine on 14 September 2023 under No. 1614/40670;

5. Order of the Ministry of Justice of Ukraine of 14 September 2023 No. 3265/5 *On Approval of the Procedure for Verification of Information Provided by*

a Legal Entity in Explanations and Documents to Confirm Information on the Ultimate Beneficial Owner and/or Ownership Structure of a Legal Entity, registered in the Ministry of Justice of Ukraine on 14 September 2023 under No. 1616/40672.

Apart from the above, on 16 June 2023 the technical administrator – the state enterprise "National Information Systems" – updated the software of the Unified State Register *via* introduction of a registration action "State registration of confirmation of the accuracy of information about the ultimate beneficial owner and/or ownership structure", separate block of information on the ownership structure and a single universal form for entering information on the UBO with the possibility of entering several citizenships, as well as ensuring the reflection of updated information in the forms for providing information from the Unified State Register.

In 2022, with the aim of bringing the National Securities and Stock Market Commission (hereinafter – the NSSMC) s regulatory legal acts into compliance with the Law of Ukraine dated 19.06.2020 № 738-IX *On Amendments to Certain Legislative Acts of Ukraine on Simplification of Investment Attraction and Introduction of New Financial Instruments and the implementation of EU legislation (hereinafter - the Law № 738-IX)*, the Regulation on Financial Monitoring was amended by the NSSMC Resolution № 1254 dated October 18, 2022, namely, the following amendments were made:

- bringing the terminology of the Regulation into compliance with the Law № 738-IX;
- clarification of certain legislation provisions on prevention and counteraction to legalization (laundering) of income;
- specification of requirements for verification of a client (client's representative) of a natural person in case of remote establishment of business relations;
- establishment of the possibility of verification of a client (client's representative); a natural person by obtaining an e-passport/e-passport for traveling abroad, certified by a qualified electronic seal of the State Enterprise DIA;
- establishment of the specifics of identification of the person on whose behalf or in whose interests the financial transaction is being carried out by persons conducting clearing activities, establishing its ultimate beneficial owner or beneficiary under the financial transaction.

In order to bring the NSSMC regulatory legal acts into compliance with the Law of Ukraine dated November 4, 2022 № 2736-IX, the Amendments to the Regulation on Financial Monitoring by Primary Financial Monitoring Entities, the state regulation and supervision of the activities of which are carried out by the NSSMC, registered by the Ministry of Justice of Ukraine on May 18, 2023 № 829/39885 (as amended by the NSSMC Resolution dated May 24, 2023 № 560 on Amendments to the Resolution of the National Securities and Stock Market

Commission dated May 2, 2023 № 485, registered by the Ministry of Justice of Ukraine on May 26, 2023 № 893/39949) were approved by the NSSMC Resolution dated May 2, 2023 № 485, in particular, regarding the risks arising as a result of armed aggression against Ukraine for Primary Financial Monitoring Entities, the state regulation and supervision of which in the field of prevention and counteraction to the legalization (laundering) of proceeds obtained from crime, terrorism financing and financing of the proliferation of weapons of mass destruction, is carried out by the NSSMC.

Also, with the aim of bringing the provisions of Ukrainian legislation in the field of prevention and counteraction to money laundering and terrorism financing in terms of defining the terms of publicly significant persons to the international standards, the Law of Ukraine dated October 17, 2023 № 3419-IX *On Amending the Law of Ukraine On Prevention and Counteraction of Legalization (Laundering) of Proceeds from Crime, Terrorism Financing, and Financing of Proliferation of Weapons of Mass Destruction* (hereinafter - Law № 3419-IX) made amendments to the Law On Prevention and Counteraction.

In this regard, the NSSMC has developed a draft resolution *On Approval of the Amendments to the Regulation on Financial Monitoring by Primary Financial Monitoring Entities*, the state regulation and supervision of the activities of which is carried out by the National Securities and Stock Market Commission (hereinafter - the Draft Resolution), approved by the NSSMC Resolution № 1407 dated December 15, 2023, published on the NSSMC's official website and sent to the interested authorities for approval.

Also, in accordance with point 3 of Section II Final Provisions of Law № 3419-IX, the NSSMC Resolution № 115 dated 30.01.2024 approved the Recommendations for Proper Application by the Primary Financial Monitoring Entities, the state regulation and supervision of the activities of which is carried out by the National Securities and Stock Market Commission, of the risk-oriented approach when servicing the clients who are politically significant persons, members of their families and persons related to politically significant persons. The mentioned Recommendations are published on the NSSMC's official website.

● ***Please provide information on the institutional capacity of the Financial Intelligence Unit and its relations with entities under reporting obligations (are these entities effectively reporting through Suspicious Transaction Reports (STRs)?)***

According to paragraph 1 of part two of Article 8 of the Basic AML/CFT/CPF Law, reporting entities are required to register with the SFMS.

Thus, as of January 01, 2024, 11,445 reporting entities (including 1,081 separate subdivisions) were registered with the SFMS.

At the same time, as of April 01, 2024, 11,435 reporting entities (including 956 separate subdivisions) were registered with the SFMS.

In 2023, the SFMS registered information on 1,429,594 financial transactions/activity subject to financial monitoring, including 1,260,269 reports on threshold financial transactions/activity, 155,369 reports on suspicious financial transactions/activities, 178 reports on threshold and suspicious financial transactions/activity, and 13,778 reports on financial transactions/activity received in response to the SFMS's request to track financial transactions.

In addition, during the 1st quarter of 2024, the SFMS registered information on 377,503 financial transactions/activity subject to financial monitoring, including 315,751 reports on threshold financial transactions/activity, 61,263 suspicious financial transactions/activities, 105 threshold and suspicious financial transactions/activity and 384 reports on financial transactions/activity received in response to the SFMS's request to track financial transactions.

• *Please provide information on operational results, including statistics on STRs and conviction for money laundering.*

In 2023, the SFMS sent 1122 referrals to law enforcement agencies (including 608 case referrals and 514 additional case referrals).

In 2023, law enforcement agencies initiated/used 529 case referrals of the SFMS (including those submitted in previous years) in 498 criminal proceedings during pre-trial investigations.

The law enforcement units completed 53 criminal proceedings in connection with the submission of an indictment to the court, which were initiated on the basis of the case referrals.

According to the information received by the SFMS in 2023, the total value of seized property (funds) in criminal proceedings initiated by law enforcement agencies based on the results of consideration of the case referrals of the SFMS is UAH 17,078.26 million.

According to the State Judicial Administration of Ukraine, in 2023, the courts considered 130 criminal proceedings on money laundering, including 72 cases with a verdict. In 13 verdicts, the courts ordered confiscation of property (special confiscation). In 2023, the amount of legalized proceeds (funds, property) of crime, as determined by court decision, amounted to UAH 705,441.

In 2023, 70 people were convicted of money laundering crimes following court trials.

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transactions/activity, and 13,778 reports on financial transactions/activity received in response to the SFMS's request to track financial transactions.

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During the 1st quarter of 2024, the SFMS sent 273 referrals to law enforcement agencies (including 148 case referrals and 125 additional case referrals).

The information on suspicious financial transactions is submitted to the State Financial Monitoring Service of Ukraine, both by the entities of primary financial monitoring and by state authorities conducting activities in the field of prevention and counteraction.

In accordance with part three of Article 16 of the Law on Prevention and Counteraction, state authorities conducting activities in the field of prevention and counteraction (except for the National Bank of Ukraine), in case of detection, when performing their functions, of suspicious financial transactions, are obliged to notify the specially authorized body about such financial transactions and their participants.

In order to eliminate and prevent the causes and conditions that contribute to the use of capital markets and organized commodity markets for the legalization (laundering) of proceeds obtained from crime, terrorism financing and the financing of proliferation of weapons of mass destruction, and for the purpose of detecting money laundering schemes, combating payment evasion taxes and fictitious business or other illegal acts during 2023 and during the 1st quarter of 2024, the NSSMC continued its work in the system of tracking and preventing the use of financial instruments as a means of laundering (legalizing) of income obtained from crime.

Based on the results of analysis of the activities of the primary financial monitoring entities during 2023, the NSSMC sent to the State Financial Monitoring Service of Ukraine 9 reports on suspicious financial transactions carried out on the capital markets and organized commodity markets, for a total amount of more than 1 billion 800 million UAH, involving 16 professional capital market participants (7 investment firms, 1 depository institution and 8 asset management companies).

Based on the results of the analysis of the activities of the primary financial monitoring entities during the 1st quarter of 2024, the NSSMC sent to the State Financial Monitoring Service of Ukraine 6 reports on suspicious financial transactions carried out on the capital markets and organized commodity markets, for a total amount of more than 1 billion 418 million UAH, involving 12 professional capital market participants (9 investment firms and 3 asset management companies).

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

To ensure compliance of the anti-money laundering legislation with the standards of the Financial Action Task Force on Money Laundering (FATF) and the standards of the European Union, the Ministry of Finance of Ukraine has developed and adopted the following regulations:

- Law of Ukraine dated October 17, 2023 No. 3419-IX *On Amendments to the Law of Ukraine «On Prevention and Counteraction of Legalization (Laundering) of Criminal Proceeds, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction» Regarding Politically Significant Persons»* (entered into force on October 29, 2023), the norms of which provide for bringing the definition of publicly significant persons in line with international standards in the field of combating money laundering and terrorist financing (FATF recommendations and Directive (EU) 2015/849 of the European Parliament and of the Council dated May 25, 2015 On preventing the use of the financial system for the purposes of money laundering or terrorist financing, on amending Regulation of the European Parliament and Council (EU) No. 648/2012 and repealing Directive 2005/60/EC of the European Parliament and Council and Commission Directive 2006/70/EC);

- Resolution of the Cabinet of Ministers of Ukraine dated June 16, 2023 No. 662 *On Approval of the Procedure for Supervision in the Field of Prevention and Counteraction of Legalization (Laundering) of Criminal Proceeds, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction in the Activities of Subjects of Primary Financial Monitoring, State Regulation and supervision over the activities of which are carried out by the Ministry of Finance of Ukraine, the Ministry of Justice of Ukraine, the Ministry of Digital Transformation of Ukraine* (entered into force on July 4, 2023), the rules of which introduce a mechanism for state supervision of specially defined subjects of primary financial monitoring by conducting checks on compliance with legislation in the field prevention and counteraction of legalization (laundering) of proceeds obtained through crime, financing of terrorism and financing of proliferation of weapons of mass destruction;

- Resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine dated September 4, 2023 No. 1011 *On approval of the Methodology for determining the ultimate beneficial owner by a legal entity* (entered into force on October 3, 2023), the norms of which introduce the principles on the basis of which the process of researching the signs of decisive influence and determining the ultimate beneficial owners by a legal entity, methods of researching the signs of decisive influence on the activity of a legal entity (forms and ways of researching information, analyzing factual data in order to find out the signs and means of acquisition / changes in decisive influence, sources of finding out data about the presence of signs of decisive influence, identification of ultimate beneficial owners), cases of actualization (updating) of information about ultimate beneficial owners.

In September 2023 the Ministry of Justice of Ukraine reported that the above Orders No. 3258/5 and No. 3265/5 underwent internal and external approval processes. As of the date of this reporting they are already adopted.

At the same time, to ensure that all subjects of Initial Financial Monitoring undertook organizational measures necessary to implement a mechanism for notifying the holder of the Unified State Register of discrepancies in information about the UBO and ownership structure of a legal entity, the Ministry of Justice of Ukraine issued Order No. 727/5 of 18 March 2024 *On Amendments to the Order of the Ministry of Justice of Ukraine of 12 July 2023 No. 2542/5*, registered in the Ministry of Justice of Ukraine on 19 March 2024 under No. 409/41754, as well as a joint order with the Ministry of Finance of Ukraine of 22 March 2024 No. 834/5/142 *On Amendments to the Order of the Ministry of Justice of Ukraine, Ministry of Finance of Ukraine of 10 July 2023 No. 2513/5/378*, registered in the Ministry of Justice of Ukraine on 26 March 2024 under No. 445/41790.

The aforesaid orders delayed until 1 September 2024 the implementation of the Procedure for Notifying the Holder of the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations of Discrepancies between the Information on Ultimate Beneficial Owners and/or Ownership Structure of a Legal Entity Received by the Subject of Initial Financial Monitoring as a Result of Due Diligence and the Information on Ultimate Beneficial Owners and/or Ownership Structure of a Legal Entity Entered into the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations (Order of 12 July 2023 No. 2542/5) and the Procedure for the Transfer by the Holder of the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations of Information on Discrepancies between Information on the Ultimate Beneficial Owners and/or Ownership Structure of a Legal Entity Received by the Subject of Initial Financial Monitoring as a Result of Due Diligence of a Legal Entity and the Relevant Information in the aforesaid Register, and on the Subject of Initial Financial Monitoring that Revealed Such Discrepancies to a Specially Authorized Body (Order of 10 July 2023 No. 2513/5/378).

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

- continue preparations to apply for the Single Euro Payments Area (SEPA);
- continue the alignment of Ukrainian legislation and institutional practices with the FATF standards;
- take steps to establish the Register for holders and beneficial owners of bank accounts, payment accounts and safe-deposit boxes.

Following the relevant recommendation of the European Commission, last year the NBU made extensive preliminary efforts to apply for membership in the Single Euro Payments Area (SEPA). This work is still in progress, as this requires legal amendments that are underway.

Furthermore, in accordance with the NBU's Strategy and the System of Electronic Payments development roadmap in 2023, the NBU has migrated to a new generation of the NBU's System of Electronic Payments based on ISO 20022 international standard. This, in particular, creates options for further cross-border transfers with EU states based on SEPA Instant Credit Transfer.

Within the implementation framework of the European Commission's recommendation to continue to harmonize Ukrainian legislation with FATF standards, the Law of Ukraine *On Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction* regarding politically exposed persons (PEPs) was amended in 2023.

To implement the adopted law, the NBU approved relevant amendments to regulations on the need for banks and nonbank institutions to apply a risk-based approach when dealing with national politically exposed persons.

Ukraine is also working on introducing clear and understandable rules for regulating the market of virtual assets that will be in line with the EU law. This will minimize their use for money laundering and terrorist financing and increase Ukraine's attractiveness to investors.

The draft Law of Ukraine *On Amendments to Certain Laws of Ukraine on Adapting the Legislation of Ukraine to Certain Standards of the Financial Action Task Force on Money Laundering (FATF)* was prepared, approved by the Government of Ukraine and submitted to the Verkhovna Rada of Ukraine (Reg. No. 10072 of September 19, 2023).

The draft order of the Ministry of Finance of Ukraine *On Approval of the Regulation on Financial Monitoring by Primary Financial Monitoring Entities, whose activities are regulated and supervised by the Ministry of Finance of Ukraine* was developed and is being agreed with the relevant authorities.

The Ministry of Finance of Ukraine has developed the draft Law of Ukraine *On Amendments to the Tax Code of Ukraine and Certain Legislative Acts of Ukraine Concerning Establishment of the Unified Register of Accounts of Individuals and Legal Entities and Individual Bank Safes*, which proposes requirements for establishment and maintenance of the Unified Register of Accounts of Individuals and Legal Entities and Individual Bank Safes, as well as vesting the authority to maintain such register in the State Tax Service of Ukraine.

The Verkhovna Rada of Ukraine is considering the draft Law of Ukraine *On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine*

regarding the Regulation of Turnover of Virtual Assets in Ukraine (registration № 10225 dated 07.11.2023), submitted to the Verkhovna Rada of Ukraine by the People's Deputy of Ukraine Oleksandr Sova, which provides for the establishment of rules for taxation of transactions with virtual assets, as well as the new wording of the Law of Ukraine *On Virtual Assets* in order to bring it into compliance with Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937.

In addition, the NSSMC has developed a draft resolution *On Approval of Amendments to the Regulation on Financial Monitoring by Primary Financial Monitoring Entities, State Regulation and Supervision of Activities of which is Performed by the National Securities and Stock Market Commission* (hereinafter referred to as the draft resolution), which was approved by the NSSMC Resolution № 1407 dated December 15, 2023. The draft resolution was published on the NSSMC's official website and sent to the interested authorities for approval.

As of 08.04.2024, the NSSMC considered the comments and proposals received from the interested authority and the self-regulatory organization, and prepared the revised draft resolution for consideration at the NSSMC's meeting.

Please consider the above information from the Ministry of Justice of Ukraine (Guiding Question № 7 and the Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package).

Information on anti-corruption mainstreaming

Chapter 4 - Free movement of capital: reference to money laundering and corruption including seizure and confiscation of assets and proceeds of crime deriving from corruption and the fight against fraud to the Union's financial interests by means of criminal law.

In Ukraine, the Anti-Corruption Strategy for 2021-2025 has been adopted, which is being implemented through the State Anti-Corruption Programme for 2023-2025.

A separate direction of the State Anti-Corruption Programme for 2023-2025 - 3.3. Criminal liability, identifies the following key problems and expected strategic results with regard to money laundering, confiscation of assets and proceeds of crime deriving from corruption:

- Expected strategic result 3.3.1.2. Sanctions for corruption and corruption-related offenses are proportionate and have a significant injunctive and preventive effect, and none of the corruption-related criminal offenses are classified as criminal misdemeanors.

- Expected strategic result 3.3.3.10. Cases of money laundering and assets obtained through corruption are detected and duly documented owing to the effective work of the State Financial Monitoring Service of Ukraine and the regulatory framework governing its cooperation with the National Agency of Corruption Prevention, the National Anticorruption Bureau, the Specialized Anticorruption Prosecutor's Office, Asset Recovery and Management Agency and other government agencies.

- Expected strategic result 3.3.3.11. Measures to prevent the laundering of money obtained through corruption are determined based on the results of risk assessment and are duly implemented. FATF recommendations are being consistently implemented.

To achieve the specified expected strategic results, the State Anti-Corruption Programme for 2023-2025 includes specific measures. The content of these measures and information on the progress of their implementation as of December 31, 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/direction/16/table>.

According to paragraph 2 of Part 1 of Article 18 of the Law of Ukraine *On Prevention and Counteraction to Legalisation (Laundering) of Criminal Proceeds, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction*, state regulation and supervision in the field of prevention and counteraction shall be carried out with respect to commodity and other exchanges that conduct financial transactions with goods; institutions of accumulative pension provision; managers of construction financing funds/real estate transaction funds; professional stock market participants (excluding banks), including the Central Securities Depository — by the National Securities and Stock Market Commission.

During 2023 and the 1st quarter of 2024, the NSSMC performed the following regulatory and supervisory measures in the field of prevention and counteraction to the legalization (laundering) of proceeds from crime, terrorism financing, and financing of proliferation of weapons of mass destruction (hereinafter referred to as financial monitoring).

In order to facilitate the provisions of the Law of Ukraine dated November 4, 2022 № 2736-IX, On Amendments to Certain Laws of Ukraine on the Protection of the Financial System of Ukraine from the Actions of the State that Carries Out Armed Aggression against Ukraine, and the Adaptation of Ukrainian legislation to Certain Standards of the Financial Action Task Force (FATF) and the Requirements of Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU, that amends the Law of Ukraine On Prevention and Counteraction, the NSSMC Resolution № 485 dated May 2, 2023, registered by the Ministry of Justice of Ukraine on May 18, 2023 № 829/39885, approved the amendments to the Regulation on the Financial Monitoring

by Primary Financial Monitoring Entities, the activities of which are regulated and supervised by the NSSMC.

In connection with the adoption of the Law of Ukraine № 2465-IX dated July 27, 2022 *On Joint-Stock Companies*, which made amendments to the Law of Ukraine *On the Depository System*, which entered into force on 01.01.2024, and in order to settle the issue of specifics of the due diligence of clients of the Central Securities Depository and depository institutions, the NSSMC Resolution № 388 dated April 6, 2023, registered by the Ministry of Justice of Ukraine on May 11, 2023 № 792/39848, amended the *Regulation on Financial Monitoring by the Primary Financial Monitoring Entities, the state regulation and supervision of the activities of which is carried out by the National Securities and Stock Market Commission*.

In accordance with paragraph 13 of part 1 of Article 8 of the Law of Ukraine *On State Regulation of Capital Markets and Organized Commodity Markets, in order to ensure the implementation of the requirements of the Law of Ukraine On Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction*, the NSSMC Resolution № 495 dated May 8, 2023 *On Amendments to the Resolution of the National Securities and Stock Market Commission № 1038* dated July 17, 2015 was adopted, registered by the Ministry of Justice of Ukraine on July 3, 2023 № 1119/ 40175.

The NSSMC Resolution № 745 dated July 6, 2023, registered by the Ministry of Justice of Ukraine on July 24, 2023 № 1250/40306, amended *the Regulation on Financial Monitoring by Primary Financial Monitoring Entities, the State Regulation and Supervision of the Activities of which is carried out by the National Securities and Stock Market Commission*, and provides for the establishment of additional requirements for the storage of documents, in particular:

- creation of electronic copies and backup copies from the produced electronic copies of documents related to due diligence of the client, data and information about the client, as well as regarding persons that are participants in the financial transaction;

- ensuring the storage of backup copies and protecting them from loss, destruction in the data warehouse, which must be geographically separated from the premises of the primary financial monitoring entity;

- storage at the premises of the primary financial monitoring entity of all the documents received from the client and independently created, related to due diligence of the client, data and information about the client, as well as regarding persons that are participants in the financial transaction.

In order to settle the issue of the specifics of the due diligence of clients of the Central Depository and depository institutions, taking into account the provisions established by *the Procedure for Maintaining the Accounting System of Shares of Limited Liability Companies and Additional Liability Companies*, approved by the

NSSMC Resolution № 525 dated May 17, 2023, the NSSMC Resolution № 1179 dated October 24, 2023 *On Amendments to Certain Resolutions of the National Securities and Stock Market Commission*, registered by the Ministry of Justice of Ukraine on November 28, 2023 № 2051/41107, was adopted.

With the aim of bringing the provisions of Ukrainian legislation in the field of prevention and counteraction in terms of defining the terms of publicly significant persons into compliance with the international standards, the Law of Ukraine dated October 17, 2023 № 3419-IX *On Amendments to the Law of Ukraine on Prevention and Counteraction to Legalization (Laundering) of Criminal Proceeds, Financing of Terrorism, and Financing of Proliferation of Weapons of Mass Destruction in relation to Politically Significant Persons*, made amendments to the Law of Ukraine On Prevention and Counteraction.

In this regard, the NSSMC has developed a draft resolution *On Approval of the Amendments to the Regulation on Financial Monitoring by the Primary Financial Monitoring Entities, the State Regulation and Supervision of the Activities of which is carried out by the National Securities and Stock Market Commission*, which was approved at the NSSMC meeting by Resolution № 1407 dated December 15, 2023, published on the NSSMC's official website and sent to the interested authorities for approval.

In 2023, the NSSMC representatives were part of the working group on the development of the Methodology for Determining the Ultimate Beneficial Owner by the Legal Entity, created by the Ministry of Finance of Ukraine, the purpose of which was to develop a draft resolution of the Cabinet of Ministers of Ukraine *On Approval of the Methodology for Determining the Ultimate Beneficial Owner by the Legal Entity*.

In addition, the NSSMC is a member of the Council on Prevention and Counteraction to Legalization (Laundering) of Proceeds from Crime, Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction, as well as the Working Group on Consideration of Problematic Issues of Primary Financial Monitoring Entities - Non-Banking Institutions and Analysis of Effectiveness of the Measures Taken by them to Prevent and Counter the Legalization (Laundering) of Criminal Proceeds and Financing of Terrorism.

In connection with the military aggression of the Russian Federation against Ukraine, the NSSMC adopted Resolution № 1067 dated August 5, 2022 *On the specifics of the implementation of certain requirements of the legislation in the field of financial monitoring during the period of martial law*, according to which, in particular, the NSSMC suspends for the period of martial law off-site inspections (scheduled and unscheduled), which are provided for by the *Procedure for monitoring of compliance with the requirements of legislation in the field of prevention and counteraction of legalization (laundering) of proceeds obtained from crime, financing of terrorism and financing of proliferation of weapons of mass destruction by primary financial monitoring entities, the state regulation and supervision of the activities of which are carried out by the National Securities and*

Stock Market Commission, approved by the NSSMC Resolution № 1038 dated July 17, 2015, registered by the Ministry of Justice of Ukraine on August 6, 2015 № 955/27400 (hereinafter - Procedure № 1038).

During the period of martial law, the NSSMC carries out on-site supervision in the field of financial monitoring in accordance with Procedure № 1038.

During the on-site supervision in the field of financial monitoring of the NSSMC, 35 requests were sent in 2023 and 5 requests were sent to the entities for providing copies of documents and information during the 1st quarter of 2024.

According to the results of the review of the information (copies of documents) provided by the entities at the request of the NSSMC during 2023, signs of violations were detected in the activities of 14 primary financial monitoring entities, and during the 1st quarter of 2024, the signs of violations were detected in the activities of 5 primary financial monitoring entities.

According to the results of the review of the documents provided at the request of the NSSMC and the detected signs of violations in the activities of the entities during 2023, the following influence measures were applied in the field of financial monitoring:

8 fines for a total amount of UAH 654,500.00;

1 sanction in the form of cancellation of a license to carry out professional activities on capital markets and organized commodity markets.

In addition, the NSSMC issued 5 requirements for the elimination of violations of the legislation on prevention and counteraction to legalization (laundering) of proceeds from crime, financing of terrorism, and financing of proliferation of weapons of mass destruction.

According to the results of examination of the documents provided at the request of the NSSMC and the detected signs of violations in the activities of the entities during the 1st quarter of 2024, the following measures of influence were applied in the field of financial monitoring:

3 fines for the amount of UAH 85,000.00;

1 sanction in the form of cancellation of a license to carry out professional activities on capital markets and organized commodity markets.

In addition, the NSSMC issued 2 requirements for the elimination of violations of the legislation on prevention and counteraction to legalization (laundering) of proceeds obtained from crime, financing of terrorism, and financing of the proliferation of weapons of mass destruction.

In order to eliminate and prevent the causes and conditions that contribute to the use of capital markets and organized commodity markets for the legalization (laundering) of proceeds obtained from crime, the financing of terrorism and the financing of proliferation of weapons of mass destruction, and for the purpose of detecting money laundering schemes, combating payment evasion taxes and

fictitious business or other illegal acts during 2023 and the 1st quarter of 2024, the NSSMC continued its work in the system of tracking and preventing the use of financial instruments as a means of laundering (legalizing) of income obtained through criminal means.

According to the results of the analysis of the activities of the primary financial monitoring entities during 2023, the NSSMC sent 9 reports to the State Financial Monitoring Service of Ukraine on suspicious financial transactions carried out on the capital markets and organized commodity markets, for a total amount of more than 1 billion 800 million UAH, involving 16 professional participants of the capital markets (7 investment firms, 1 depository institution and 8 asset management companies).

Based on the results of the analysis of the activities of the primary financial monitoring entities during the 1st quarter of 2024, the NSSMC sent to the State Financial Monitoring Service of Ukraine 6 reports on suspicious financial transactions carried out on the capital markets and organized commodity markets, for a total amount of more than 1 billion 418 million UAH, involving 12 professional capital market participants (9 investment firms and 3 asset management companies).

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 2: Internal Market

CHAPTER 6 – Company Law

ЕШУА

УКРАЇНА

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ЄВРОПА

Answers to the Guiding Questions

1. Company law and Corporate Governance

- ***Identify the authority responsible for the control of the incorporation of companies (and registration, if it is a separate procedure).***

In accordance with paragraph 14 of Article 1(1) of the Law of Ukraine on State Registration of Legal Entities, Individual Entrepreneurs and Public Organizations, the subjects of state registration are the Ministry of Justice of Ukraine, the central executive body that implements the state policy in the field of religion, the Council of Ministers of the Autonomous Republic of Crimea, regional, Kyiv and Sevastopol city state administrations, territorial bodies of the Ministry of Justice of Ukraine in the Autonomous Republic of Crimea, regions, cities of Kyiv and Sevastopol, executive bodies of village, town and city councils, Kyiv and Sevastopol city, district, district in the cities of Kyiv and Sevastopol state administrations, notaries.

- ***Is there a central business register for the registration of companies and disclosure of all information on business entities (including accounting documents)? If yes, how does the register hold company information - paper, electronic, both?***

The documents submitted/received in the course of state registration are stored in the register in electronic form with reference to the information of the relevant business entity.

- ***Can companies and branches be registered and file documents and particulars fully online (without needing to appear in person before any authority)? What are the rules regarding electronic identification of persons who want to register companies? Which types of companies do these provisions apply to (public limited liability companies (such as la société anonyme, die Aktiengesellschaft), private limited liability companies, etc.)?***

The users can obtain the following services in the Unified State Register using the Unified State Web Portal of Electronic Services (DIYA Portal):

1) independently in automatic mode without the participation of the state registrar:

- to perform state registration of a limited liability company on the basis of a model charter;
- state registration of an individual entrepreneur;
- state registration of termination of entrepreneurial activity of an individual entrepreneur by his/her decision;

- to request and obtain an extract from the Unified State Register regarding an individual entrepreneur;

- state registration of changes to information about an individual entrepreneur (types of economic activity, place of residence/location of information for communication, surname and/or name and/or patronymic of the individual entrepreneur).

2) to submit documents in electronic form for registration actions regarding:

- making changes to information about an individual entrepreneur;

- transition of a legal entity to operate on the basis of a model charter.

Documents for state registration in electronic form shall be submitted by the applicant provided that they are signed using electronic identification means with a high level of trust (part three of Article 14 of the Law of Ukraine "On State Registration of Legal Entities, Individual Entrepreneurs and Public Organizations").

• ***Are documents filed in paper form converted to electronic form by the register?***

Documents from the register in electronic form (an extract from the registration action or a notice of refusal; constituent documents; extracts from the Unified State Register; copies of documents (upon request of a state authority) are available for downloading by users, in particular, on the portal of electronic services for legal entities, individual entrepreneurs and public organizations.

• ***Is the register accessible to the public online? What company information is available for free?***

The scope of information that any person may receive for free is defined in Section IV of the Procedure for Providing Information from the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations, approved by Order of the Ministry of Justice of Ukraine No. 1692/5 dated 05.05.2023.

Users also have access to the information from the Unified State Register in electronic form, namely:

- the documents submitted for state registration and the result of the administrative service (an extract from the Register or a notice of refusal to conduct state registration);

- information, available on the portal of electronic services for legal entities, individual entrepreneurs and public organizations is of the following:

o extracts from the Unified State Register regarding legal entities and their separate subdivisions, individual entrepreneurs;

o an extract from the Unified State Register based on the results of the

registration action, or a notice of refusal to conduct state registration;

- o copies of documents from the registration file at the request of the state authority;
- o free search for entities in the Unified State Register with the ability to view detailed information about them;
- o information on the decision to terminate the legal entity.

● ***What are the disclosure requirements for companies and for their foreign branches?***

Public information from the Unified State Register is disclosed in the form of open data in accordance with the Law of Ukraine "On Access to Public Information" to the extent determined by Order of the Ministry of Justice of Ukraine No. 897/5 dated 28.03.2016. In accordance with the Order of the Ministry of Justice of Ukraine No. 1462/5 dated 13.04.2022 "On Suspension of Disclosure of Information in the Form of Open Data Managed by the Ministry of Justice of Ukraine", the disclosure of information from the Register is suspended for the duration of martial law.

As for the requirements for disclosure of information by a company, Article 51 of the Law of Ukraine "On Prevention and Counteraction to Legalization (Laundering) of Proceeds of Crime, Terrorist Financing and Financing of Proliferation of Weapons of Mass Destruction" requires from the legal entities to open the information on the ultimate beneficial owner or his/her absence and ownership structure. Companies are required to submit information on the ultimate beneficial owner or its absence and ownership structure for entry into the Unified State Register in accordance with the procedure established by the Law.

The NSSMC Resolution dated of 06.06.2023 № 608 on Approval of the Regulation on Information Disclosure by Securities Issuers and Persons Providing Collateral for such Securities, registered by the Ministry of Justice of Ukraine on August 2, 2023 № 1307/40363 (hereinafter – the Regulation № 608), defines the procedure and terms for disclosure of regulated information on the regulated stock market and requirements for disclosure of information by issuers of securities (hereinafter referred to as issuers), persons providing collateral for such securities, as well as a corporate rights advisor.

Paragraphs 27-28 of the Regulation № 608 stipulate that foreign issuers disclose regulated information in accordance with the requirements of this Regulation and Article 130 of the Law of Ukraine on Capital Markets and Organized Commodity Markets.

Foreign issuers whose securities are admitted to circulation on the territory of Ukraine have the right to publicly disclose information in accordance with the legislation of the origin country of such an issuer.

International financial organizations disclose information in accordance with this Regulation if it is expressly provided for in the bonds prospectus, taking into

account the features specified in the prospectus.

At the same time, for the purposes of the Regulation № 608, the term “foreign issuer” is a non-resident issuer whose securities are placed and/or admitted to circulation on the territory of Ukraine.

○ ***What information do companies and their foreign branches need to disclose?***

The NSSMC Resolution dated of 06.06.2023 № 608 on Approval of the Regulation on Information Disclosure by Securities Issuers and Persons Providing Collateral for such Securities, registered by the Ministry of Justice of Ukraine on August 2, 2023 № 1307/40363 (hereinafter – the Regulation № 608), defines the procedure and terms for disclosure of regulated information on the regulated stock market and requirements for disclosure of information by issuers of securities (hereinafter referred to as issuers), persons providing collateral for such securities, as well as a corporate rights advisor. In accordance with the mentioned Regulation № 608, issuers that are joint-stock companies and other companies that are issuers of securities shall disclose information.

Paragraphs 27-28 of the Regulation № 608 stipulate that foreign issuers disclose regulated information in accordance with the requirements of this Regulation and Article 130 of the Law of Ukraine on Capital Markets and Organized Commodity Markets.

Foreign issuers whose securities are admitted to circulation on the territory of Ukraine have the right to publicly disclose information in accordance with the legislation of the origin country of such an issuer.

International financial organizations disclose information in accordance with this Regulation if it is expressly provided for in the bonds prospectus, taking into account the features specified in the prospectus.

At the same time, for the purposes of the Regulation № 608, the term “foreign issuer” is a non-resident issuer whose securities are placed and/or admitted to circulation on the territory of Ukraine.

In accordance with paragraph 7 of the NSSMC Regulation № 608, the regulated information subject to disclosure, in accordance with the requirements of this Regulation, includes:

- 1) regular information;
- 2) special information;
- 3) other information provided for in Chapter VII of this Regulation.

According to point 8 of Article 73 of the Economic Code of Ukraine, the following information shall be subject to mandatory publishing by the state-owned unitary enterprise:

objectives of a state-owned unitary enterprise and the progress of their

achievement;

quarterly and annual financial reporting of a state-owned unitary enterprise for the last three years, including (if any) expenditures for non-profit purposes of state policy and sources of their funding;

audit opinions on the annual financial reporting of a state-owned unitary enterprise for the last three years, provided the audit was conducted in accordance with law or by decision of the supervisory board of a state-owned unitary enterprise (if any) or the entity in charge of state property that performs the functions of enterprise's management;

the latest version of the charter of a state-owned unitary enterprise, as well as previous versions;

curriculum vitae (including job review) of the general manager of a state-owned unitary enterprise (with due account of the requirements of the legislation on personal data protection);

curriculum vitae (including job review) of the members of the supervisory board (if any) of a state-owned unitary enterprise (with due account of the requirements of the legislation on personal data protection), the principle of their choice, their membership in the supervisory boards of other economic entities; it shall also indicate who of the members of the supervisory board of a state-owned unitary enterprise is independent;

annual reports of the supervisory board and the general manager of a state-owned unitary enterprise;

structure, principles of formation and amount of remuneration of the general manager and members of the supervisory board of a state-owned unitary enterprise, including compensation packages and additional benefits they receive (or are entitled to receive) in the performance of official duties, as well as in connection with dismissal (the term "additional benefit" shall be used in the meaning defined in the Tax Code of Ukraine;

the opinion of the entity in charge of state property concerning a state-owned unitary enterprise;

a list of the significant anticipated risk factors that may affect the operations and performance of a state-owned unitary enterprise, and measures to manage such risks;

information on agreements a state-owned unitary enterprise is a party to, information on which is subject to publishing under the Law of Ukraine "On Open Use of Public Funds";

information on operations and obligations of a state-owned unitary enterprise with the state and/or local budget, state and/ or local institutions, enterprises and organisations, including contractual obligations of a state-owned unitary enterprise (financial and non-financial ones) arising as a result of public-private partnerships.

Article 73 of the Economic Code of Ukraine defines the information subject to mandatory publication by an economic company:

The following information shall be subject to mandatory publication under Paragraphs 4 and 5 of this Part:

objectives of an economic company's operation and current status of their achievement;

quarterly and annual financial reporting (including consolidated ones) of an economic company for the last three years, including (if any) expenditures for non-profit purposes of state policy and sources of their funding;

audit opinions on the annual financial reporting (including consolidated ones) of an economic company for the last three years, provided the audit was conducted in accordance with law or by decision of the supervisory board of an economic company or the entity that performs corporate rights management of the state or territorial community in such economic company;

the latest version of the charter of an economic company, as well as previous versions;

ownership structure of an economic company;

curriculum vitae (including job review) of the general manager and members of the executive body of an economic company (with due account of the requirements of the legislation on personal data protection);

curriculum vitae (including job review) of the members of the supervisory board (if any) of an economic company (with due account of the requirements of the legislation on personal data protection), the principle of their choice, their membership in the supervisory boards of other economic entities; it shall also indicate who of the members of the supervisory board is independent;

annual reports of the supervisory board and the executive body of an economic company;

structure, principles of formation and amount of remuneration of the general manager and members of the supervisory board of an economic company, including compensation packages and additional benefits they receive (or are entitled to receive) in the performance of official duties, as well as in connection with dismissal;

decisions of the general meeting of an economic company;

a list of the significant anticipated risk factors that may affect the operations and performance of an economic entity, and measures to manage such risks;

data on agreements an economic company is a party to, information on which is subject to publishing under the Law of Ukraine "On Open Use of Public Funds";

information on operations and obligations of an economic company with the state and/or local budget, state and/or local institutions, enterprises and organisations, including contractual obligations of an economic company (financial and non-financial ones) arising as a result of public-private partnerships.

Point 3 of Article 113 of the Law of Ukraine on Joint-Stock Companies stipulates:

3. A public joint-stock company is obliged to have its own website, on which the information subject to publication in accordance with the law, information specified in clauses 1-3, 5, 6, 9, 10, 12 (except for documents containing confidential information), 13-18 of the first part of Article 112, and information defined by the second and third parts of Article 47 of this Law shall be posted in accordance with the procedure and terms established by the National Securities and the Stock Market Commission.

Part 1 of Article 112:

1. The joint-stock company is obliged to keep:

- 1) the charter of the joint-stock company, changes to the charter;
- 2) regulations on the general meeting, the supervisory board or the board of directors, the executive body, other internal regulations of the company regulating the activities of the company's bodies, and changes to them;
- 3) regulations on each operating separate subdivision of the company;
- 5) the code of corporate governance of the company;
- 6) minutes of general meetings;
- 9) documents of subjects of audit activity regarding the company;
- 10) annual financial statements, annual consolidated financial statements;
- 12) reporting documents submitted to state bodies;
- 13) prospectuses of securities or decisions on the issue of securities, as well as a certificate of registration of the issue of shares and other securities of the company;
- 14) an up-to-date list of affiliated persons of the company with an indication of the number, type and/or class of shares belonging to them;
- 15) regular and special information about the company in accordance with the requirements of the law;
- 16) reports of the supervisory board or the board of directors;
- 17) reports of the executive body;
- 18) provisions on the remuneration of members of the supervisory board or the board of directors and the executive body;

Article 47 of the Law of Ukraine on Joint-Stock Companies stipulates:

2. The notification of the general meeting shall state:

- 1) identification code of the legal entity, full name and location of the joint-stock company;
- 2) the date and time of the start of the general meeting, and in the case of a face-to-face general meeting - also the place of its holding (indicating the number of the

room, office or hall where the shareholders must arrive);

3) the method of conducting general meetings;

4) start and end time of registration of shareholders for participation in the general meeting;

5) the date of drawing up the list of shareholders who have the right to participate in the general meeting;

6) draft agenda and draft decisions (except for cumulative voting) on each issue included in the draft agenda;

7) the address of the website on which the information specified in part three of this article is posted;

8) the procedure for acquainting shareholders with materials that they can familiarize themselves with during the preparation for the general meeting, including the designated place for familiarization (room, office number, etc.), and an official of the company (in the case of convening a general meeting by shareholders - a person designated by such shareholders), responsible for the procedure for familiarizing shareholders with documents;

9) information on the rights granted to shareholders in accordance with the requirements of Articles 27 and 28 of this Law, which they can use after receiving a notice of holding a general meeting, as well as the period during which such rights can be used;

10) procedure for submission of proposals by shareholders to the draft agenda of extraordinary general meetings;

11) procedure for participation and voting at general meetings by proxy.

In the event of an electronic general meeting, the date and time of the start and end of voting using an authorized electronic system are additionally specified in the notice.

In the case of remote general meetings, the date and time of the start and end of sending voting ballots to the depository institution are additionally indicated in the notification.

If the issue of reducing the size of the authorized capital of a joint-stock company is included in the agenda, the notice of holding a general meeting must also contain data on the purpose of reducing the size of the authorized capital and the manner in which such procedure will be carried out.

3. No later than 30 days before the date of the general meeting, and in the case provided for in Article 45 of this Law, no later than 15 days before the date of the general meeting, the company must post and ensure availability on its website up to and including the day of the general meeting - on the website (in the case of convening a general meeting by shareholders - on the website designated by such shareholders) of the following information:

1) notification of holding a general meeting;

2) information on the total number of shares and voting shares as of the date of drawing up the list of persons to whom notice of the general meeting is sent (including the total number separately for each type of shares, if the authorized capital of the company is represented by two or more types/classes of shares);

3) a list of documents to be submitted by the shareholder (shareholder representative) for participation in the general meeting.

The provisions of this part do not apply to private joint-stock companies, 100 percent of the shares of which are directly or indirectly owned by one person, except for companies of which 100 percent of the shares are directly or indirectly owned by the state.

Point 5 of the Corporate Governance Code provides for the following requirements for information disclosure by the company:

The Company should disclose all material information that could reasonably be expected to have an effect on the Company share price or stewardship decisions to Shareholders and the markets and should do so as soon as it becomes available. Disclosure should be made to all Shareholders and the markets simultaneously in order to prevent unfair trading advantages.

Companies must prepare and present their financial statements to shareholders for approval at the GSM. For Public Interest Entities (PIEs),⁹ the financial statements must be prepared in accordance with International Financial Reporting Standards (IFRS). For other companies, the financial statements must be prepared according to Ukrainian GAAP. The Annual Report must contain a report by management (Management Discussion and Analysis—MD&A). The Company must make its Annual Report public within 4 months of the end of the financial year and the Annual Report must be posted on the Company website. Management must certify to the Board that the financial statements of the Company provide a true and fair view, comply with accounting standards and that systems of internal control and risk management are sound before the Board approves the reports.

Companies must disclose an Annual Corporate Governance Report as part of the Annual Report. Separate social and environmental reporting is not required. The Board must sign off on the Annual Corporate Governance Report separately from its financial statements prior to the approval by the GSM.

For PIEs, the Company's annual financial statement and the Annual Corporate Governance Report must be audited by an independent external auditor. For PIEs, the audit of annual financial statement must be conducted in accordance with International Standards on Auditing (ISA) which require the auditor to form an opinion on whether the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework and to issue their opinion in a written auditor's report. The Board must submit its recommendation for the appointment, reappointment, removal and remuneration of the independent external auditor to Shareholders for approval at the GSM. Non-PIEs are not required to have an annual audit of their financial statements or non-financial reports.

The Company must have an official website for public disclosure of information and disclose on it.

○ ***What is required for disclosure of company information to be legally effective, e.g., making it publicly available in the register, in the national gazette?***

The NSSMC Resolution dated 06.06.2023 № 608 on Approval of the Regulation on Information Disclosure by Securities Issuers and Persons Providing Collateral for such Securities, registered by the Ministry of Justice of Ukraine on August 2, 2023 № 1307/40363 (hereinafter – the Regulation № 608), defines the procedure and terms for disclosure of regulated information on the regulated stock market and requirements for disclosure of information by issuers of securities (hereinafter referred to as issuers), persons providing collateral for such securities, as well as a corporate rights advisor.

Paragraph 14 of the Regulation № 608 establishes that regulated information shall be disclosed by means of:

- 1) its placement on the issuer's website;
- 2) its placement in the database of the person which publishes the regulated information;
- 3) its submission to the NSSMC.

Regulated information shall be disclosed by private joint-stock companies (in the event that no public offer has been made for the securities of such a company or the securities of such a company have not been admitted to trading on the organized capital market) in accordance with subparagraphs 1, 3 of this paragraph, as well as in accordance with subparagraph 2 of this paragraph, in the cases stipulated by this paragraph.

A private joint-stock company shall disclose a notice of holding a general meeting, draft decisions on issues included in the agenda of the general meeting, proposed by shareholders which own 5 percent or more of the company's voting shares, and notices of decisions on the termination of the joint-stock company by merger, acquisition, division, spin-off or transformation, in accordance with subparagraph 2 of this paragraph.

A private joint-stock company (except for a private joint-stock company with 100 percent of shares directly or indirectly owned by one person (except for the state)) shall disclose information on the decision to issue shares, the decision to issue other securities that can be converted into shares, the decision on increase or reduction in the size of the authorized capital, notification of the possibility of exercising the shareholder's preemptive right in the process of issuing shares, a decision on changes to the decision on the issue of shares in terms of non-essential parameters of the issue of shares, in accordance with subparagraph 2 of this paragraph.

Along with this, regular, special and other information shall be published on

the issuer's own website in the section entitled “Information for shareholders and stakeholders” with the imposition of an electronic signature of the authorized person of the issuer / the person providing collateral based on the qualified public key certificate. Thus, certification of information with a qualified public key certificate has legal force.

At the same time, regarding the functioning of the database of the person who publishes the regulated information. In accordance with Article 124 of the Law of Ukraine on Capital Markets and Organized Commodity Markets, in particular, the National Securities and Stock Market Commission is obliged to independently ensure the existence and functioning of at least one system that will create conditions for direct and direct submission of regulated information to the National Securities and Stock Market Commission .

Capital markets participants (other than investors in financial instruments) and professional participants of organized commodity markets are required to have their own websites. A capital markets participant may not limit access or charge for access to information subject to mandatory disclosure on such a website.

According to part 8 of Article 73 of the Commercial Code of Ukraine, except in cases established by law, a state-owned unitary enterprise shall provided information about its activity by publishing it on its own web page (website) or on the official website of the entity in charge of state property, which performs the functions of enterprise’s management, within the time and in the manner prescribed by the Cabinet of Ministers of Ukraine. Access to such web pages and websites shall be provided 24/7 free of charge.

The following information shall be subject to mandatory publishing:

objectives of a state-owned unitary enterprise and the progress of their achievement;

quarterly and annual financial reporting of a state-owned unitary enterprise for the last three years, including (if any) expenditures for non-profit purposes of state policy and sources of their funding;

audit opinions on the annual financial reporting of a state-owned unitary enterprise for the last three years, provided the audit was conducted in accordance with law or by decision of the supervisory board of a state-owned unitary enterprise (if any) or the entity in charge of state property that performs the functions of enterprise’s management;

the latest version of the charter of a state-owned unitary enterprise, as well as previous versions;

curriculum vitae (including job review) of the general manager of a state-owned unitary enterprise (with due account of the requirements of the legislation on personal data protection);

curriculum vitae (including job review) of the members of the supervisory board (if any) of a state-owned unitary enterprise (with due account of the

requirements of the legislation on personal data protection), the principle of their choice, their membership in the supervisory boards of other economic entities; it shall also indicate who of the members of the supervisory board of a state-owned unitary enterprise is independent;

annual reports of the supervisory board and the general manager of a state-owned unitary enterprise;

structure, principles of formation and amount of remuneration of the general manager and members of the supervisory board of a state-owned unitary enterprise, including compensation packages and additional benefits they receive (or are entitled to receive) in the performance of official duties, as well as in connection with dismissal (the term “additional benefit” shall be used in the meaning defined in the Tax Code of Ukraine;

the opinion of the entity in charge of state property concerning a state-owned unitary enterprise;

a list of the significant anticipated risk factors that may affect the operations and performance of a state-owned unitary enterprise, and measures to manage such risks;

information on agreements a state-owned unitary enterprise is a party to, information on which is subject to publishing under the Law of Ukraine “On Open Use of Public Funds”;

information on operations and obligations of a state-owned unitary enterprise with the state and/or local budget, state and/ or local institutions, enterprises and organisations, including contractual obligations of a state-owned unitary enterprise (financial and non-financial ones) arising as a result of public-private partnerships.

A state-owned unitary enterprise shall publish the annual financial reporting along with the auditor’s opinion, provided the audit was conducted in accordance with law or by the decision of the supervisory board of a state-owned unitary enterprise (if any) or the entity in charge of state property that performs the functions of enterprise’s management until 30 April of the year following the reporting period.

The general manager of a state-owned unitary enterprise shall be held liable for the publishing and credibility of the information stipulated by this Article in accordance with the laws of Ukraine and the terms of the agreement concluded with him/her.

○ ***Are there sanctions for non-disclosure of accounting documents (financial statements and annual report)?***

Subparagraph 7 of paragraph 1 of the Law of Ukraine on Protection of Interests of Subjects of Reporting and other Documents During Martial Law or State of War stipulates that:

7) subparagraphs 1 and 4 of this paragraph do not apply to submission to the

National Securities and Stock Market Commission by capital market participants and professional participants of organized commodity markets whose activities are regulated and supervised by the National Securities and Stock Market Commission, of reporting data and other reporting (other than financial reporting and audit reports based on the results of a mandatory audit of annual financial reporting (consolidated financial reporting, if it is necessary to prepare consolidated financial reporting in accordance with the legislation of Ukraine), for the disclosure of such data, as well as for checking the timeliness and completeness of their presentation.

Capital market participants and professional participants of organized commodity markets, whose activities are regulated and supervised by the National Securities and Stock Market Commission:

shall submit to the National Securities and Stock Market Commission reporting data and other reports (other than financial statements and audit reports based on the results of the mandatory audit of annual financial statements (consolidated financial statements, if it is necessary to prepare consolidated financial statements in accordance with the legislation of Ukraine), as well as disclose them in another way in accordance with the requirements established by the National Securities and Stock Market Commission;

are obliged to submit other information and documents to the National Securities and Stock Market Commission (including at its request or demand) in accordance with the requirements established by the legislation of Ukraine.

Part one of Article 126 of the Law of Ukraine on Capital Markets and Organized Commodity Markets establishes that regular information about the issuer is annual and interim reporting information on the results of the financial and economic activity of the issuer, which is disclosed on capital markets and organized commodity markets, including by its submitting to the National Securities and Stock Market Commission.

Regular annual information about the issuer must contain the information specified in Part 3 of Article 126 of the Law of Ukraine on Capital Markets and Organized Commodity Markets, including annual and interim financial statements verified by the subject of audit activity.

Accordingly, in order to obtain regular information about the issuer of securities in full and to implement the above-mentioned Law, the NSSMC adopted the Resolution № 98 dated 24.01.2024 on Disclosure of Regulated Information by Issuers of Securities, Persons Providing Collateral for Such Securities and Advisers on Corporate Rights during Martial Law in Ukraine (hereinafter - the Resolution № 98).

The Resolution № 98 establishes that temporarily during the period of martial law issuers of securities, persons providing collateral for such securities and advisers on corporate rights shall be exempted from the obligation to disclose regulated information (except for the disclosure of special information) within the time limits established in accordance with the Law on Capital Markets and the Resolution №

608.

After the end of martial law, regular information shall be disclosed, in particular, by issuers of securities, in the following terms:

annual information for the 2021–2023 reporting years shall be disclosed within 90 days after the end of martial law;

interim information for the corresponding quarter of 2022-2024 shall be disclosed together with annual information for 2021-2023, respectively.

Thus, during the period of martial law, the regulator exempted securities issuers from disclosing regulated information, namely annual information and interim information, which includes, in particular, annual and interim financial statements audited by the subject of audit activity.

Based on the above, issuers of securities for the period of martial law in accordance with the Resolution № 98 shall be exempted from the obligation to disclose regulated information, namely annual information and interim information.

Along with this, liability for violations on capital markets and/or organized commodity markets is established by Article 50 of the Law of Ukraine on State Regulation of Capital Markets and Organized Commodity Markets and paragraph 2 of the final and transitional provisions of the Law of Ukraine on Amendments to the Law of Ukraine on State Regulation of Capital Markets and Organized Commodity Markets and Some Other Legislative Acts of Ukraine on Improving State Regulation and Supervision on Capital Markets and Organized Commodity Markets dated 22.02.2024 № 3585 IX.

● ***Is the database of companies in the business register stored electronically and is it technically ready to be interconnected with business registers from EU member states from the time of accession?***

The registration file on legal entities, individual entrepreneurs and public organizations is stored in electronic form in the Unified State Register for 75 years from the date of entry into the register of the registration of termination. In addition, the State Enterprise “National Information Systems” has implemented the Unified State Register Application Program Interface, which is an integral part of the software that processes and converts data provided from the Unified State Register for further processing by automated and information systems of service users. The Service Agreement in the form of the application software interface of the Unified State Register and the Description of the Application Software Interface are available for review on the official website of the Enterprise at the following link:

<https://nais.gov.ua/p/ediniy-derjavniy-reestr-yuridichnih-osib-fizichnih-osib-pidpriemstv-ta-gromadskih-formuvan>.

● ***Concerning capital maintenance and alteration:***

- ***Is there a minimum capital requirement for setting up public limited liability (la société anonyme, die Aktiengesellschaft) companies?***

Part one of Article 16 of the Law of Ukraine on Joint-Stock Companies provides that the minimum amount of the authorized capital of a joint-stock company shall be 200 times the minimum wage, based on the amount of the minimum wage effective on the day of creation (registration) of the joint-stock company.

The Law of Ukraine on Limited and Additional Liability Companies does not contain requirements for the minimum amount of authorized capital of limited liability companies.

- ***What safeguards are there to protect the company's capital (e.g. rules on contributions in kind, on distribution to shareholders, on acquisition by a company of its own shares, in case of serious loss of the subscribed capital, on providing financial assistance to third parties for the acquisition of a company's shares)?***

The first part of Article 25 of the Law of Ukraine On Joint-Stock Companies provides that in the case of placement of securities by a joint-stock company, their payment is made in cash, as well as other property, if such a possibility is provided for in the decision on the issue of the relevant securities.

It is not allowed to pay for securities of a joint-stock company by:

- 1) alienation by the investor in favor of the issuer of debt emission securities, the issuer of which is the investor (except for government bonds that are exchanged for shares of companies whose shareholder is the state, in cases provided for by the law on the State Budget of Ukraine);

- 2) promissory notes;

- 3) other types of obligations, in particular, assuming obligations to perform works or provide services for the company.

The charter of a joint-stock company may also establish other restrictions on forms of payment for securities. The company cannot impose restrictions or prohibitions on the payment of securities in cash.

In addition, part five of this article stipulates that a joint-stock company or persons under the control of the company cannot provide a loan or credit for the purchase of its securities or a surety or guarantee for loans, credits provided by a third party for the purchase of company shares.

Also, the second part of Article 16 of the Law of Ukraine on Joint-Stock Companies provides that if the net assets of the joint-stock company, according to the latest annual financial statements, are less than 50 percent of the size of the registered authorized capital or have decreased by more than 50 percent compared to the same indicator as of the end of the previous year, the supervisory board or

board of directors of the company within three months from the date of approval of such financial statements is obliged to carry out all actions related to the preparation and holding of general meetings, the agenda of which includes questions about measures to be taken to improve the company's financial condition, on the reduction of the company's authorized capital or on the liquidation of the company, as well as on the review of the report of the executive body on the consequences of the reduction of the company's equity capital and the approval of measures based on the results of the review of the said report.

In addition, the Law of Ukraine on Joint-Stock Companies establishes restrictions on the payment of dividends (part one of Article 35) and on the repurchase of shares by a joint-stock company (part one of Article 101) if the equity capital of the company is less or as a result of such payment becomes less than the sum of its authorized capital, reserve capital and the excess of the liquidation value of preferred shares over their nominal value.

● ***What kind of protection is provided for the shareholders in the context of capital maintenance and alteration (e.g., decision-making power on issues such as increase and reduction of capital, pre-emption rights, equal treatment of shareholders in the same position)?***

The NSSMC Resolution dated 22.11.2023 № 1308 on Approval of the Regulation on the Procedure for the Issue of Shares, Registration and Cancellation of Registration of the Issue of Shares stipulates that the changes in the payment of shares shall be made by property through enrollment in the company's authorized capital, or by making monetary contributions to the company's authorized capital.

The first part of Article 27 of the Law of Ukraine on Joint-Stock Companies provides that each common share of a joint-stock company shall give its owner - the shareholder - the same set of rights.

Also, the first part of Article 28 of the Law of Ukraine on Joint Stock Companies provides that each preferred share of the same class shall give its owner - the shareholder - the same set of rights.

In addition, the second part of Article 39 of the Law of Ukraine on Joint-Stock Companies provides that the exclusive competence of the general meeting of shareholders shall include, in particular, the adoption of a decision to increase the size of the authorized capital of a joint-stock company, except for the cases provided for by Articles 119, 121 and 133 of this Law (paragraph 9) and making a decision to reduce the size of the authorized capital of the joint-stock company (item 10).

At the same time, the sixth part of Article 53 of the Law of Ukraine on Joint Stock Companies provides that the decision of the general meeting on the issues provided for in clauses 2-10, 20 and 29 of the second part of Article 39 of this Law shall be adopted by more than three-quarters of the votes of the shareholders who have registered for participation in general meetings and are owners of shares voting on the relevant issue.

Part one of Article 31 of the Law of Ukraine on Joint Stock Companies provides that the preferential right of shareholders is:

1) the right of a shareholder - the owner of ordinary shares to purchase ordinary shares placed by the company and other securities that can be converted into shares, in proportion to the share of ordinary shares belonging to him in the total number of ordinary shares;

2) the right of a shareholder - the owner of preferred shares to purchase preferred shares of this or another class placed by the company, if the shares of this class give their owners an advantage in the order of receiving dividends or payments in the event of liquidation of the company, and other securities that can be converted into shares of this class, in proportion to the share of preferred shares of a certain class owned by the shareholder in the total number of preferred shares of this class.

The second part of Article 31 of the Law of Ukraine on Joint-Stock Companies stipulates that the preferential right must be granted to the shareholder - the owner of ordinary shares in the process of issuing ordinary shares by the company (except in the case of a decision by the general meeting not to exercise such a right) in accordance with the procedure established by the law. The decision not to exercise such a right shall be made for each additional issue of the company's shares.

The preferential right shall be granted to the shareholder - the owner of preferred shares in the process of issuing preferred shares by the company (unless the general meeting decides not to exercise this right). The decision not to exercise such a right shall be made for each additional issue of the company's shares.

At the same time, part six of Article 53 of the Law of Ukraine on Joint-Stock Companies provides that the decision of the general meeting on non-use by shareholders of the preemptive right to purchase shares of the additional issue shall be adopted by more than 95 percent of the votes of the total number of shareholders who have registered to participate in the general meeting and are by owners of shares voting on the relevant issue.

● ***What rules are there for protection of creditors in case of reduction in capital?***

Article 18 of the Law of Ukraine on Joint-Stock Companies stipulates that after making a decision to reduce the size of the authorized capital of a joint-stock company, the board of directors or the executive body must, within 30 days, notify in writing about the decision of each creditor whose claims to the joint-stock company are not secured by a pledge agreement, guarantees or sureties.

A creditor whose claims against a joint-stock company are not secured by a pledge, guarantee or surety agreement may, within 30 days from the date of receipt of the notice specified in part two of this article, apply to the company with a written demand to implement one of the following measures at the company's choice within 45 days :

1) ensuring the fulfillment of obligations by concluding a pledge or surety agreement;

2) early termination or fulfillment of obligations to the creditor, unless otherwise stipulated by the contract between the company and the creditor.

If the creditor has not applied to the company with a written demand within the period stipulated by this part, it is considered that he does not require the company to perform additional actions regarding the obligations to him.

- ***Concerning domestic mergers and divisions***

- ***What type of mergers/divisions are allowed in your country (merger/division by acquisition, by formation of new companies)?***

- spin-off of companies;
- merger of companies;
- transformation of companies;
- division of companies;
- accession of companies.

- ***What are the main steps of the procedure (e.g., drawing up draft terms of an operation and their disclosure, a report to shareholders, an examination by an independent expert, approval by the general meeting)?***

In the Unified State Register, in accordance with the provisions of the Law, the state registrar may carry out the above processes in relation to a company by the following registration actions:

- entering the decision of the founders (participants) of the company or their authorized body on the spin-off;
- entering a court decision on the spin-off;
- submission of a decision of the founders (participants) of the company or their authorized body on the termination of the company as a result of reorganization;
- state registration of the establishment of a company as a result of a transformation;
- state registration of creation of a company as a result of a merger;
- state registration of creation of a company as a result of a division;
- state registration of creation of a company as a result of a spin-off;
- state registration of changes to information about a company;
- state registration of termination of a company as a result of reorganization.

○ ***How is the legality of a merger/division controlled in your country?***

The procedure for issuing shares of a joint-stock company, which is created as a result of merger or division, is determined by the Procedure for Issuing and Registering the Issue of Shares of Joint-Stock Companies Created by Merger, Division, Spin-off or Transformation, or to Which the Merger is Carried Out, approved by the NSSMC Resolution dated 09.04.2013 № 529 and registered at the Ministry of Justice of Ukraine on May 21, 2013 № 795/23327 (as amended).

The procedure for issuing shares of a joint-stock company, which is created as a result of merger, determines the obligation to apply to the NSSMC as well as the obligation of the NSSMC to take appropriate action, in particular:

1. appeal of each of the joint-stock companies participating in the merger to the NSSMC to suspend the circulation of shares;

2. suspension of the circulation of shares of each joint-stock company participating in merger by the NSSMC;

3. submission of the application and all necessary documents for registration of the issue of shares of the company created by merger to the NSSMC by the authorized persons of joint-stock companies authorized to carry out actions related to the creation of a successor joint-stock company;

4. registration of the issue of shares of the successor joint-stock company and issuance of a temporary certificate of registration of the issue of shares by the NSSMC;

5. submission of the application and all necessary documents for registration of the report on the results of placement (exchange) of shares by the successor joint-stock company to the NSSMC;

6. registration of a report on the results of placement (exchange) of shares of a joint-stock company created as a result of merger by the NSSMC, as well as cancellation of shares issued by joint-stock companies terminated as a result of the merger by the NSSMC.

The procedure for issuing shares of a joint-stock company, which is created as a result of division, determines the obligation to apply to the NSSMC as well as the obligation of the NSSMC to take appropriate action, in particular:

1. submission of the application and all necessary documents for the suspension of the circulation of shares to the NSSMC by the joint-stock company, which is terminated by the division;

2. suspension of the circulation of shares of the joint-stock company, which is terminated by the division, by the NSSMC;

3. simultaneous submission of the application and all necessary documents for registration of the issue (issues) of shares by the authorized person of each created joint-stock company to the NSSMC;

4. registration of share issues and issuance of temporary certificates of

registration of share issue by the NSSMC;

5. simultaneous submission of the application and all necessary documents for registration of a report on the results of placement (exchange) of shares by each created joint-stock company to the NSSMC;

6. registration of reports on the results of placement (exchange) of shares of joint-stock companies, which are created as a result of the division, by the NSSMC, as well as cancellation of registration of the issue of shares of the joint-stock company, which is terminated by division, by the NSSMC.

The NSSMC verifies all the documents submitted to the NSSMC for compliance with the requirements of the legislation.

The grounds for refusal to register the issue of shares, as well as the report on the results of placement (exchange) of shares are:

1) non-compliance of the documents submitted by the issuer with the requirements of the legislation;

2) entering inaccurate data into the documents, submitted for registration of shares issue, of the report on the results of placement (exchange) of shares;

3) violation of the procedure for making a decision on the placement (issue) of shares established by law;

4) violation of the procedure for convening and/ or holding a general meeting of shareholders at which the decision on the merger, division, spin-off or takeover of the company was made.

2. The state registration of a joint-stock company which is created as a result of a merger or division shall be carried out in the state registration authorities.

3. State registration of termination of joint-stock companies which are terminated by merger or division shall be carried out in the state registration authorities.

The state registration of a joint-stock company as well as the state registration of the termination of a joint-stock company shall be carried out in accordance with the requirements of the Law of Ukraine On State Registration of Legal Entities, Individual Entrepreneurs and Public Formations.

According to Article 5 of the Law of Ukraine On State Registration of Legal Entities, Individual Entrepreneurs and Public Formations, the system of authorities in the field of state registration consists of:

1) Ministry of Justice of Ukraine;

2) other subjects of state registration.

The powers of the Ministry of Justice of Ukraine in the field of state registration include, in particular:

1) formation of state policy in the field of state registration;

2) regulatory, methodological and informational support in the field of state registration;

3) performing the powers of the holder of the Unified State Register;

4) determination of the technical administrator;

5) ensuring access to the Unified State Register to state registrars, authorized persons of subjects of state registered ownership, other subjects in accordance with this Law and making decisions on temporary blocking or cancellation of such access in cases established by this Law.

The powers of other subjects of state registration include:

1) providing:

- acceptance of documents submitted for state registration;

- state registration and performing other registration actions;

- maintenance of the Unified State Register and providing data from it;

- formation and storage of registration files;

2) performing other powers established by this Law and other regulations.

Article 17 of this Law defines the documents that should be submitted by the applicant for state registration of legal entity (including as a result of merger, division), as well as documents for state registration of termination of legal entity as a result of its reorganization after the expiration of the period of termination procedure, but not earlier the expiration of the period of filing claims by creditors.

Article 15 of this Law establishes requirements for the execution of documents that should be submitted for state registration.

Article 25 of this Law establishes the procedure for state registration and other registration actions.

State registration and other registration actions are carried out on the basis of documents submitted by the applicant for state registration.

Article 28 of this Law establishes the grounds for refusal of state registration of a joint-stock company, and state registration of termination of a joint-stock company.

Also it should be noted that the procedures described in Article 102 of Directive 2017/1132 of 14.06.2017 are not provided for by Ukrainian law.

○ ***What are the provisions for the protection/safeguards of employees, shareholders, creditors?***

After the registration actions specified in the previous question (except for the decision to spin off), the portal of electronic services for legal entities, individual entrepreneurs and public organizations (at <https://usr.minjust.gov.ua/content/publication-info>) publishes information on the

decision to terminate the company, information on the termination commission (liquidator, liquidation commission, etc.), and the period determined by the founders (participants) of the company, the court or the body that made the decision to terminate the company for creditors to declare their claims.

Article 18 of the Law of Ukraine on Joint-Stock Companies stipulates that after making a decision to reduce the size of the authorized capital of a joint-stock company, the board of directors or the executive body must, within 30 days, notify in writing about the decision of each creditor whose claims to the joint-stock company are not secured by a pledge agreement, guarantees or sureties.

A creditor whose claims against a joint-stock company are not secured by a pledge, guarantee or surety agreement may, within 30 days from the date of receipt of the notice specified in part two of this article, apply to the company with a written demand to implement one of the following measures at the company's choice within 45 days :

1) ensuring the fulfillment of obligations by concluding a pledge or surety agreement;

2) early termination or fulfillment of obligations to the creditor, unless otherwise stipulated by the contract between the company and the creditor.

If the creditor has not applied to the company with a written demand within the period stipulated by this part, it is considered that he does not require the company to perform additional actions regarding the obligations to him.

● ***Is there legislation covering cross-border mergers? If not, are there any plans to adopt such legislation to allow for cross-border mergers from the time of accession in line with Directive (EU) 2019/2121?***

Currently, Ukrainian legislation does not contain provisions regarding cross-border mergers. At the same time, in accordance with point 61 of the Action Plan for Implementation of the European Commission's Recommendations, presented in the Report on Ukraine's progress in the framework of the EU Enlargement Package, approved by the Decree of the Cabinet of Ministers of Ukraine dated February 9, 2024 № 133-r, the NSSMC is drafting the law on bringing the legislation of Ukraine into compliance with the EU acquis in the field of corporate law and corporate governance, by which it is planned, in particular, to implement the provisions of Directive (EU) 2019/2121 regarding cross-border mergers.

● ***If so, what type of mergers are covered (merger by acquisition, by formation of new companies)?***

Currently, Ukrainian legislation does not contain provisions on cross-border mergers.

- ***What are the main steps of the procedure (e.g., drawing up of draft terms of an operation and their disclosure, a report to shareholders, an examination by an independent expert, approval by the general meeting, issuing of pre-operation certificate and legal scrutiny of the merger by the competent authority, registration of a merger)?***

Currently, Ukrainian legislation does not contain provisions on cross-border mergers.

- ***Are there rules that a cross-border merger cannot be declared null and void?***

Currently, Ukrainian legislation does not contain provisions on cross-border mergers.

- ***What are the provisions for the protection/safeguards of employees, shareholders, creditors?***

Currently, Ukrainian legislation does not contain provisions on cross-border mergers.

- ***Are there any plans to adopt any legislation on other cross-border operations, e.g., conversions and divisions, in line with Directive (EU) 2019/2121?***

Currently, Ukrainian legislation does not contain provisions regarding cross-border mergers. At the same time, in accordance with point 61 of the Action Plan for Implementation of the European Commission's Recommendations, presented in the Report on Ukraine's progress in the framework of the EU Enlargement Package, approved by the Decree of the Cabinet of Ministers of Ukraine dated February 9, 2024 № 133-r, the NSSMC is drafting the law on bringing the legislation of Ukraine into compliance with the EU acquis in the field of corporate law and corporate governance, by which it is planned, in particular, to implement the provisions of Directive (EU) 2019/2121 regarding cross-border mergers.

- ***Is there a Corporate Governance code? To what extent is it based on OECD principles? Are there any plans to revise it? Is there an obligation for all listed companies to include a corporate governance statement in their management report? What about plans to align with Directive (EU) 2022/2381 (23 November 2022) on improving the gender balance among directors of listed companies and related measures?***

With the aim of approximation to the EU legislation in the field of corporate governance, the Corporate Governance Code: Key Requirements and Recommendations (hereinafter - the Corporate Governance Code), based on the OECD Corporate Governance Principles, was approved by the NSSMC Resolution

dated 12.03.2020 № 118. In accordance with paragraph 2 of the NSSMC Resolution, the Code is recommended to be used by joint-stock companies.

On 16.03.2022, the Standards of Corporate Governance in Professional Participants of Capital Markets and Organized Commodity Markets (hereinafter – the Standards) entered into force, which establish the requirements for the organization of effective corporate governance and internal control system in professional participants of capital markets and organized commodity markets (hereinafter – Professional Participants).

In particular, paragraph 5 of Standard № 1 Corporate Governance in Professional Participants of Capital Markets and Organized Commodity Markets. Basic Concepts and Terms, approved by the NSSMC Resolution dated 30.12.2021 № 1288, registered by the Ministry of Justice of Ukraine on 28.02.2022 № 261/37597, establishes that, when organizing corporate governance, professional participants are recommended to adhere to the Corporate Governance Code, approved by the NSSMC Resolution dated 12.03.2020 № 118.

Thus, in 2022, the scope of the Corporate Governance Code was extended also to limited liability companies and additional liability companies, if they are professional participants on capital markets and organized commodity markets.

The list of Standards approved by the NSSMC Resolution, which entered into force on 16.03.2022 is the following:

- the NSSMC Resolution dated 30.12.2021 № 1288 (hereinafter - Resolution № 1288) On Approval of Standard № 1 «Corporate Governance in Professional Participants of Capital Markets and Organized Commodity Markets. Basic Concepts and Terms» (hereinafter - Standard № 1), registered by the Ministry of Justice of Ukraine on 28.02.2022 № 261/37597;

- the NSSMC Resolution № 1289 dated 30.12.2021 (hereinafter - Resolution № 1289) On Approval of Standard № 2 «Corporate Governance in Professional Participants of Capital Markets and Organized Commodity Markets. Organization and Functioning of the Internal Control System in Professional Participants that are Enterprises of Public Interest and that are not Banks» (hereinafter - Standard № 2), registered by the Ministry of Justice of Ukraine on 28.02.2022 № 258/37594;

- the NSSMC Resolution № 1290 dated 30.12.2021 (hereinafter - Resolution № 1290) On Approval of Standard № 3 «Corporate Governance in Professional Participants of Capital Markets and Organized Commodity Markets. Organization and Functioning of the System of Internal Control in Professional Participants that are Systemically Important Professional Participants and that are not Banks» (hereinafter - Standard № 3), registered by the Ministry of Justice of Ukraine on 28.02.2022 № 267/37603;

- the NSSMC Resolution № 1291 dated 30.12.2021 (hereinafter - Resolution № 1291) On Approval of Standard № 4 «Corporate Governance in Professional Participants of Capital Markets and Organized Commodity Markets.

Organization and Functioning of the Internal Control System in Professional Participants that are not Enterprises of Public Interest and are not Systemically Important Professional Participants» (hereinafter - Standard № 4), registered by the Ministry of Justice of Ukraine on 28.02.2022 №263/37599.

Both the previous and the new version of the Law of Ukraine On Joint-Stock Companies provide for that the requirements for the report on remuneration of the members of the supervisory board and the report on remuneration of the members of the executive body of a company (hereinafter - Reports on Remuneration) are established by the Requirements for the Regulations on Remuneration and the Report on Remuneration of the Members of the Supervisory Board and the Executive Body of a Joint-Stock Company, approved by the NSSMC Resolution dated 25.09.2018 № 659, registered by the Ministry of Justice of Ukraine on November 30, 2018 № 1367/32819. These requirements apply only to joint-stock companies.

The Standards of Corporate Governance in Professional Participants of Capital Markets and Organized Commodity Markets (Standards № 2, № 3, and № 4), which entered into force on March 16, 2022, set additional requirements for the organization of remuneration payment and reporting on it in professional participants (both in the form of joint-stock companies and in the form of limited liability companies and additional liability companies). These additional requirements in the field of remuneration organization and disclosure of information on it are based, in particular, on the provisions of Directive 2013/36/EC, Directive (EU) 2019/2034, Regulation (EU) 2017/565, Regulation (EU) 575/2013.

In accordance with the NSSMC Resolutions, which approved the above-mentioned Standards, from the moment the Standards enter into force, professional participants can apply the requirements for the organization of remuneration payment and reporting on it on a voluntary basis, and in the period from 2024 to 2025 (depending on the type of a professional participant) they must start applying these requirements for the remuneration of members of management bodies mandatorily.

Thus, in 2022, the NSSMC's requirements, based on the provisions of the EU acts, regarding the organization of remuneration payment and the disclosure of information on it (including the remuneration of members of management bodies) in professional participants of capital markets and organized commodity markets established in the form of a joint-stock company, limited liability companies or additional liability companies entered into force.

In accordance with point 61 of the Action Plan for Implementation of the European Commission's Recommendations, presented in the Report on Ukraine's progress in the framework of the EU Enlargement Package, approved by the Decree of the Cabinet of Ministers of Ukraine dated February 9, 2024 № 133-r, the NSSMC is drafting the law on bringing legislation of Ukraine into compliance with the EU acquis in the field of corporate law and corporate governance, by which it is planned, in particular, to implement the provisions of Directive (EU) 2022/2381 of November

23, 2022 on improving the gender balance among directors of listed companies and related measures.

- ***Does national legislation comply with EU general principles and provisions on take-over bids, in particular the mandatory bid rule and derogations from this rule?***

Ukrainian legislation mainly complies with the provisions of Directive 2004/25/EC of April 21, 2004.

Thus, the Law of Ukraine On Amendments to Certain Legislative Acts of Ukraine Regarding Increasing the Level of Corporate Governance at Joint Stock Companies, dated March 23, 2017 № 1983-VIII, has introduced the squeeze-out and sell-out procedures into the national legislation in accordance with EU Directive 2004/25 of 21 April 2004 on takeover bids.

To ensure full compliance of Ukrainian legislation with EU acts, there is a need to make additional amendments in Ukrainian legislation, in particular, regarding implementation of the provisions of Directive 2004/25/EC of 21 April 2004, in particular, regarding the process of acquisition of control (controlling shares) of the company.

- ***Are there specific requirements in place for single member companies?***

Article 7 of the Law of Ukraine On Joint-Stock Companies provides that a joint-stock company can be established by one person or have a single shareholder in the event that one person acquires all the company's shares.

In addition, Article 60 of the Law of Ukraine On Joint-Stock Companies stipulates that the provisions of Articles 40-57 of this Law regarding the procedure for convening and holding general meetings of shareholders shall not apply to the company with one shareholder.

The powers of the general meeting provided for by Article 39 of this Law and the internal documents of the joint-stock company are exercised by the shareholder alone.

- ***Does national legislation comply with EU rules on shareholders rights?***

National legislation partially complies with the provisions of Directive 2007/36/EC of 11 July 2007.

- ***Are there any rules on the exercise of certain rights of shareholders in listed companies such as the ones described in Directive 2007/36?***

The Law of Ukraine On Amendments to Certain Legislative Acts of Ukraine Regarding Simplification of Conducting Business and Attracting Investments by Securities Issuers dated 16.11.2017 № 2210-VIII, has implemented the provisions of Directive 2007/36/EC into the national legislation. The Law regulated the issues related to the improvement of the legal regulation of securities issuance and information disclosure on the stock market, corporate governance, in terms of activities of independent members and committees of supervisory boards, in accordance with European provisions and standards.

The Law of Ukraine On Joint Stock Companies dated July 27, 2022 № 2465-IX, in particular, has implemented the provisions of Directive 2007/36/EC into the national legislation.

The specified Law of Ukraine, in particular:

- introduces a mechanism for holding general meetings using electronic voting;
- brings the provisions regarding the representation of shareholders in accordance with EU legislation.

Thus, the Law of Ukraine On Joint-Stock Companies dated July 27, 2022 № 2465-IX provides for the provisions regarding the exercise of shareholders' rights that comply with the provisions of Directive 2007/36/EU, except certain provisions, in particular, regarding institutional investors.

○ ***Are there rules on shareholder identification, transmission of information, facilitation of shareholder rights, and transparency and non-discrimination of costs in line with Directive (EU) 2017/828?***

Part five of Article 22 of the Law of Ukraine On Depository System of Ukraine stipulates that the register of owners of registered securities is prepared in the case of receiving an order from the issuer or another person which has the right to receive the register of owners of registered securities, as well as in other cases established by the NSSMC.

The Law of Ukraine On Joint-Stock Companies provides for the possibility of sending and receiving notifications to shareholders and joint-stock companies via the depository system of Ukraine. Provision of such notifications is ensured by the participants of the depository system of Ukraine in accordance with the procedure established by the NSSMC.

○ ***Are there rules concerning transparency of intermediaries and shareholder engagement policy? Does your Company Law provide any legal framework on the engagement of institutional investors and asset managers, and on proxy advisors?***

The activities of advisors on corporate rights (proxy advisors) are carried out in accordance with the requirements established by Article 90-1 of the Law of

Ukraine On Capital Markets and Organized Commodity Markets. However, the rules regarding the transparency of intermediaries and the policy of attracting shareholders, provided for in Directive 2017/828, are currently not implemented in domestic legislation.

○ ***On remuneration of directors, are there provisions regarding disclosure of the remuneration policy and the remuneration report as well as rules that allow shareholders to have an effective say on both?***

Part 2 of Article 39 of the Law On Joint-Stock Companies provides that the exclusive competence of the general meeting of shareholders includes, in particular, the approval of the regulation on the remuneration of the members of the supervisory board or the board of directors and the executive body of the joint-stock company (paragraph 13) and the approval of the report on the remuneration of the members of the supervisory board or the board of directors and the executive body of the joint-stock company (paragraph 14).

In accordance with part one of Article 113 of the Law of Ukraine On Joint-Stock Companies, the joint-stock company provides each shareholder with access to the regulation on the remuneration of the members of the supervisory board or the board of directors and the executive body of the joint-stock company and the report on the remuneration of the members of the supervisory board or the board of directors and the executive body of the joint-stock company. In addition, in accordance with part three of this article, a public joint-stock company shall publish the regulation on the remuneration of members of the supervisory board or the board of directors and the executive body on its website.

Both the previous and the new version of the Law of Ukraine On Joint-Stock Companies provide for that the requirements for the report on remuneration of the members of the supervisory board and the report on remuneration of the members of the executive body of a company (hereinafter - Reports on Remuneration) are established by the Requirements for the Regulations on Remuneration and the Report on Remuneration of the Members of the Supervisory Board and the Executive Body of a Joint-Stock Company, approved by the NSSMC Resolution dated 25.09.2018 № 659, registered by the Ministry of Justice of Ukraine on November 30, 2018 № 1367/32819. These requirements apply only to joint-stock companies.

The Standards of Corporate Governance in Professional Participants of Capital Markets and Organized Commodity Markets (Standards № 2, № 3, and № 4), which entered into force on March 16, 2022, set additional requirements for the organization of remuneration payment and reporting on it in professional participants (both in the form of joint-stock companies and in the form of limited liability companies and additional liability companies). These additional requirements in the field of remuneration organization and disclosure of information on it are based, in particular, on the provisions of Directive 2013/36/EC, Directive (EU) 2019/2034, Regulation (EU) 2017/565, Regulation (EU) 575/2013.

In accordance with the NSSMC Resolutions, which approved the above-mentioned Standards, from the moment the Standards enter into force, professional participants can apply the requirements for the organization of remuneration payment and reporting on it on a voluntary basis, and in the period from 2024 to 2025 (depending on the type of a professional participant) they must start applying these requirements for the remuneration of members of management bodies mandatorily.

Thus, in 2022, the NSSMC's requirements, based on the provisions of the EU acts, regarding the organization of remuneration payment and the disclosure of information on it (including the remuneration of members of management bodies) in professional participants of capital markets and organized commodity markets established in the form of a joint-stock company, limited liability companies or additional liability companies entered into force.

In accordance with Article 11⁶ of the Law of Ukraine On Management of State-Owned Objects, the integral parts of the State Ownership Policy are:

Remuneration policy for managers of state unitary enterprises and heads of executive bodies of economic companies, in the authorized capital of which more than 50 percent of shares belong to the state, taking into account the results of their financial and economic activities, which determines the principles and methodological approaches to establishing such remuneration;

Remuneration policy for members of supervisory boards of state unitary enterprises, business associations, in the authorized capital of which more than 50 percent of the shares belong to the state, taking into account the results of their financial and economic activities, which determines the principles and methodological approaches to establishing such remuneration.

The Cabinet of Ministers of Ukraine regularly, at least once every five years, reviews the State Ownership Policy. The State Ownership Policy is subject to publication.

According to part 8 of Article 73 of the Commercial Code of Ukraine, except in cases established by law, a state-owned unitary enterprise shall provided information about its activity by publishing it on its own web page (website) or on the official website of the entity in charge of state property, which performs the functions of enterprise's management, within the time and in the manner prescribed by the Cabinet of Ministers of Ukraine. Access to such web pages and websites shall be provided 24/7 free of charge.

The following information shall be subject to mandatory publishing:

structure, principles of formation and amount of remuneration of the general manager and members of the supervisory board of a state-owned unitary enterprise, including compensation packages and additional benefits they receive (or are entitled to receive) in the performance of official duties, as well as in connection with dismissal (the term "additional benefit" shall be used in the meaning defined in the Tax Code of Ukraine;

According to the Regulation № 608, the report on corporate governance, which is a component of the annual information of the issuer of securities, must contain, in particular, information on the remuneration of the members of the executive body and the board of the issuer.

Clause 44 of the Regulation № 608 establishes that information on the remuneration of members of the issuer's executive body and board must contain information on:

1) remunerations in national or foreign currency and forms of payment of the remuneration paid or to be paid to each member of the relevant management body of the issuer, the decision on payment of which was made in the reporting period;

2) the amount of the fixed and variable parts of the remuneration in the total amount of the remuneration paid or to be paid to each member of the relevant management body of the issuer, the decision on payment of which was made in the reporting period - applies to issuers defined in subparagraphs 1-4 of paragraph 48 of this Regulation;

3) efficiency evaluation criteria, according to which the variable part of the reward was calculated;

4) changes in the fixed part of the remuneration during the reporting period;

5) the ratio of the average remuneration of the member of the executive body and the board to the average remuneration of the issuer's employees.

Joint-stock companies that disclose a report on the remuneration of board members and a report on the remuneration of members of the executive body of the company in accordance with the Remuneration Requirements for joint-stock companies, include such reports in the report on corporate governance instead of the information provided for in subsections 1-5 of this clause.

In addition, clause 123 stipulates that the joint-stock company places on its own website, in particular, other internal documents (regulations) and changes to them - within 10 working days from the date of approval of the relevant regulations (changes to them), which regulate issues regarding remuneration and appointments members of management bodies.

At the same time, the NSSMC Resolution dated 19.03.2024 No. 310 approved the draft NSSMC Resolution on Approval of the Requirements for the Position and Report on Remuneration of Members of the Supervisory Board, Board of Directors and Executive Body of the Joint-Stock Company.

The mentioned draft NSSMC Resolution refers to the requirements for the content, procedure for approval and application of the provision on the remuneration of members of the supervisory board, board of directors and executive body of a joint-stock company, as well as to the report on the remuneration of members of the supervisory board, board of directors and executive body of a joint-stock company, and they apply to public joint-stock companies, private joint-stock companies, in the authorized capital of which the share of the state (directly or

indirectly) exceeds 50 percent, private joint-stock companies, which according to the law are enterprises of public interest and other private joint-stock companies, in case the application of these Requirements is provided by the charter of such joint stock company.

It should be noted that the requirements of the Resolution of the Cabinet of Ministers of Ukraine dated May 19, 1999 No. 859 on the Conditions and Amounts of Remuneration of Managers of Enterprises Based on State and Communal Property and Associations of State Enterprises apply to enterprises based on state and communal property ownership, and unions of state enterprises.

○ ***Are there any rules on related party transactions?***

The issue of transactions in the execution of which there is an interest is regulated by Article 107 of the Law of Ukraine On Joint-Stock Companies.

○ ***Are there effective, proportionate and dissuasive sanctions or penalties applicable to infringements of national provisions adopted on the previous issues and their implementation?***

The Law of Ukraine On Amendments to the Law of Ukraine On State Regulation of Capital Markets and Organized Commodity Markets and Some Other Legislative Acts of Ukraine on Improvement of State Regulation and Supervision on Capital Markets and Organized Commodity Markets dated February 22, 2024 № 3585-IX granted the NSSMC with the right to apply enforcement measures, in particular, financial sanctions (fines) for any violation of specialized legislation, in particular the Law of Ukraine On Joint Stock Companies. At the same time, the entry into force of the rules regarding the application of financial sanctions (fines) for violations of relevant legislation will come into force on January 1, 2026.

● ***Have any preparations begun for allowing legal entities to register as a European Company, a European Economic Interest Grouping, or a European Cooperative Society (Council Regulation (EC) No 1435/2003) from the time of accession?***

No relevant developments during the reporting period.

2. COMPANY REPORTING

● ***What compliance has been achieved with Directive 2004/109/EU on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market?***

Ukrainian legislation partially complies with the provisions of Directive

2004/109/EC of December 15, 2004 (Transparency Directive).

Thus, the Law of Ukraine On Amendments to Certain Legislative Acts of Ukraine Regarding Simplification of Conducting Business and Attracting Investments by Securities Issuers dated 16.11.2017 № 2210-VIII the provisions of Directive № 2004/109/EC were implemented to national legislation, in particular, the provisions regarding:

- requirements on disclosure of information on the stock market and implementation of a differentiated approach regarding the volume and frequency of disclosure by an issuer of information on the stock market;

- expansion of the list of possible ways of disclosing information on the stock market, including via the services of the authorized persons conducting provision of information services on the stock market, as well as cancellation of mandatory publications in printed media;

- introduction of the obligation for the issuer to prepare a report on corporate governance and a management report, as components of annual information about the issuer;

- introduction of obligations and procedures for disclosure of information about changes in ownership of the shareholding, the threshold value of which will be 5, 10, 15, 20, 25, 30, 50, 75, 95, and introduction of mechanisms for disclosure of such information by the issuer and other stock market participants.

- ***In particular, is compliance ensured with key provisions on:***

1) Scope

Currently, the provisions regarding the scope of application have been partially implemented, in particular, the provisions regarding the extension of the provisions of this directive to investment funds have not been implemented.

2) Setting up a supervisory system with Central Competent Authority with adequate powers

On February 22, 2024, the Verkhovna Rada of Ukraine adopted the Law of Ukraine On Amendments to the Law of Ukraine On State Regulation of Capital Markets and Organized Commodity Markets and Some Other Legislative Acts of Ukraine on Regulation and Supervision on Capital Markets and Organized Commodity Markets № 3585-IX, which provides for bringing of domestic legislation into compliance with Directive 2004/109/EC of December 15, 2004 (Transparency Directive) in terms of providing the regulator with the powers to supervise activities on the capital markets and prosecute for violations of the law.

3) designating an Officially Appointed Mechanism

Part one of Article 77 of the Law of Ukraine On Capital Markets and Organized Commodity Markets stipulates that the National Securities and Stock Market Commission, in accordance with the procedure established by it, authorizes legal

entities that intend to carry out the following types of activities of provision of information services on capital markets and organized commodity markets:

1) publication of regulated information on behalf of participants of capital markets and/or professional participants of organized commodity markets.

4) when an issuer discloses regulated information, it shall at the same time file that information with the competent authority of its home member state

Article 124 of the Law of Ukraine On Capital Markets and Organized Commodity Markets provides that regulated information is disclosed in accordance with the procedure established by the National Securities and Stock Market Commission by publishing it in the database of the person conducting activities on publishing regulated information on behalf of capital market participants and professional participants of organized commodity markets, except for the case provided for in part 4 of this article.

Unless otherwise provided by law, regulated information is also disclosed by:

1) publishing it on the own website of the capital market participant and/or a professional participant of the organized commodity markets;

2) submitting it to the National Securities and Stock Market Commission.

5) Notification of the acquisition or disposal of major holdings to the issuer, as well as the issuer making public all the information contained in the notification

Part one of Article 92 of the Law of Ukraine On Joint-Stock Companies provides that a person (persons acting jointly) which directly or indirectly acquires or disposes of voting shares of a joint-stock company **must notify such a company** on the shareholding the owner of which it will become (the final shareholding) if, as a result of such acquisition or disposal, the shareholding will increase, decrease or equal the threshold value of 5, 10, 15, 20, 25, 30, 50, 75, 95 percent of the voting shares of the public joint-stock company (5, 50, 95 percent of voting shares of a private joint-stock company).

In addition, part 8 of Article 92 of the Law of Ukraine On Joint-Stock Companies provides that after receiving the notice provided for in part one of this article, the company is obliged to disclose the information contained in such a notice in the manner established for the disclosure of special information about the issuer.

6) disclosure to the public by the issuer of the total number of voting rights and capital at the end of each calendar month where it occurred

Article 128 of the Law of Ukraine On Capital Markets and Organized Commodity Markets provides that, in particular, information on the number of voting shares and the size of the authorized capital as a result of its increase or decrease (paragraph 18 of part 1) relates to the special information about the issuer. The terms, procedure and forms of disclosure of special information about the issuer and additional information contained in such information are established by the National Securities and Stock Market Commission.

7) ensure that all the facilities and information necessary to enable holders of shares to exercise their rights are available

Chapter VII of the Law of Ukraine On Joint Stock Companies regulates the issue of participation and exercise of other rights of shareholders related to shareholders' general meetings.

8) administrative measures and sanctions and sanctioning powers, exercise, and publication of these

On February 22, 2024, the Verkhovna Rada of Ukraine adopted the Law of Ukraine On Amendments to the Law of Ukraine On State Regulation of Capital Markets and Organized Commodity Markets and Some Other Legislative Acts of Ukraine on Regulation and Supervision on Capital Markets and Organized Commodity Markets № 3585-IX, which provides for bringing of domestic legislation into compliance with Directive 2004/109/EC of December 15, 2004 (Transparency Directive) in terms of providing the NSSMC with the authority to apply enforcement measures, in particular financial sanctions (fines) for any violation of specialized legislation, in particular, the Law of Ukraine On Capital Markets and Organized Commodity Markets and the Law of Ukraine On Joint Stock Companies. At the same time, the entry into force of the rules regarding the application of financial sanctions (fines) for violations of specialized legislation will come into force on January 1, 2026.

• *Have proper responsibilities of the issuer - or its administrative, management or supervisory bodies - been ensured?*

In accordance with paragraphs 23-24 of the Regulation № 608, the issuer shall notify the NSSMC, shareholders (participants) and stakeholders about the cases of untimely disclosure and possible untimely disclosure of regulated information no later than at 10:00 a.m. on the next business day after:

- 1) the deadline for disclosure of regulated information;
- 2) the date when the issuer became aware of the possible untimely disclosure of regulated information.

An issuer shall notify the NSSMC by sending a letter using the form in accordance with Appendix 3 of this Regulation signed by an authorized person of the issuer with justification of the reasons that led or may lead to untimely disclosure of regulated information and a new date of publication of regulated information.

An issuer shall notify the shareholders (participants) and stakeholders by publishing on its own website of a notice using the form in accordance with Appendix 3 of this Regulation with justification of the reasons that led or may lead to untimely disclosure of regulated information and the new date of publication of regulated information.

An issuer shall notify the NSSMC, the shareholders (participants) and stakeholders about cases of its disclosure of inaccurate regulated information no later

than at 10:00 a.m. on the next business day after the day when the issuer became aware of the disclosure of inaccurate information.

An issuer shall refute such information and disclose the corrected information in the same manner as the inaccurate information was disclosed.

An issuer shall inform the NSSMC by sending a letter using the form in accordance with Appendix 4 of this Regulation, signed by an authorized person of the issuer, about the fact of the publication of inaccurate information and substantiating the reasons for the publication of inaccurate information with a mandatory indication of what exactly has been corrected in the information.

An issuer shall inform the shareholders (participants) and stakeholders by publishing on its own website of a new file with corrected information with a mandatory indication of what exactly was corrected in it as well as by saving a file with inaccurate information with an indication of its inauthenticity in the name of the file, as well as notification according to Appendix 4 of this Regulation.

● ***How is the disclosure of regulated information ensured, in a manner ensuring fast access to such information on a non-discriminatory basis?***

Paragraph 14 of the Regulation № 608 establishes that regulated information shall be disclosed by means of:

- 1) its placement on the issuer's website;
- 2) its placement in the database of the person which publishes the regulated information;
- 3) its submission to the NSSMC.

Regulated information shall be disclosed by private joint-stock companies (in the event that no public offer has been made for the securities of such a company or the securities of such a company have not been admitted to trading on the organized capital market) in accordance with subparagraphs 1, 3 of this paragraph, as well as in accordance with subparagraph 2 of this paragraph, in the cases stipulated by this paragraph.

A private joint-stock company shall disclose a notice of holding a general meeting, draft decisions on issues included in the agenda of the general meeting, proposed by shareholders which own 5 percent or more of the company's voting shares, and notices of decisions on the termination of the joint-stock company by merger, acquisition, division, spin-off or transformation, in accordance with subparagraph 2 of this paragraph.

A private joint-stock company (except for a private joint-stock company with 100 percent of shares directly or indirectly owned by one person (except for the state)) shall disclose information on the decision to issue shares, the decision to issue other securities that can be converted into shares, the decision on increase or reduction in the size of the authorized capital, notification of the possibility of

exercising the shareholder's preemptive right in the process of issuing shares, a decision on changes to the decision on the issue of shares in terms of non-essential parameters of the issue of shares, in accordance with subparagraph 2 of this paragraph.

At the same time, regular, special, other information shall be available on the issuer's own website in the section entitled "Information for shareholders and stakeholders".

In addition, according to paragraph 42 of the Regulation № 608, the management report must contain, in particular, an address to shareholders / participants and other stakeholders from the person's board chairman and an address to shareholders / participants and other stakeholders from the person's manager.

The content of such addresses shall be determined by the issuers at their own discretion and compiled in an arbitrary form. The purpose of the address is to draw the attention of shareholders and other stakeholders to key events / challenges / achievements / future plans of the issuer.

Such information may be relevant not only for the shareholder, but also for other stakeholders. In turn, in the case of state-owned issuers, such stakeholders are people of Ukraine who are the ultimate beneficial owners of state-owned companies.

● ***Who is the Officially Appointed Mechanism (OAM)? [please note that it may be a private body, including the market operator; you may consult the list of EU OAMs on ESMA's web site]. Is the information published by issuers made available to the OAM? Does the OAM comply with Regulation (EU) 2016/1437?***

Part one of Article 77 of the Law of Ukraine On Capital Markets and Organized Commodity Markets stipulates that the National Securities and Stock Market Commission, in accordance with the procedure established by it, authorizes legal entities that intend to carry out the following types of activities of provision of information services on capital markets and organized commodity markets:

2) publication of the regulated information on behalf of participants of capital markets and/or professional participants of organized commodity markets.

Regulation on Authorization of Entities that Intend to Conduct Activities of Information Services Provision on the Stock Market, and Conditions for Conducting such Activities, approved by the NSSMC Resolution dated 27.09.2018 № 670 (Regulation 670), establishes the procedure and conditions for the authorization of legal entities that intend to carry out the activity of information services provision on the stock market; requirements for a legal entity that intends to carry out the activities of provision of information services on the stock market and carries out such activities; the list of documents that are submitted to the NSSMC for the specified authorization and during the period of activities for the provision of information services on the stock market; the procedure for maintaining the Register of entities authorized to provide information services on the stock market and

publishing information from it; requirements for contracts for the provision of information services on the stock market.

4. The NSSMC, in accordance with the procedure established by this Regulation, authorizes legal entities that intend to carry out the following types of activities of provision of information services on the stock market:

1) activity of publishing the regulated information on behalf of stock market participants;

2) activity of distribution in the mode of continuous updating of consolidated information about financial instruments and/or stock market participants;

3) activity of submitting reports and/or administrative data to the NSSMC.

5. Authorization is carried out by including legal entities in the Register of authorized persons.

Currently, the authorized legal entity conducting the activity of information services provision is the State institution 'Stock market infrastructure development agency of Ukraine' (SMIDA), which is not licensed for conducting professional activities on the capital markets and organized commodity markets.

SMIDA is conducting the following types of activities related to the provision of information services on capital markets and organized commodity markets:

regulated information disclosure activities on behalf of participants of capital markets and/or professional organized commodity markets;

the activity of submitting reporting data to the NSSMC.

Regulation 670 does not comply with Regulation (EU) 2016/1437.

In accordance with Clause 16 of the Regulation № 608, the Requirements for submission of information and documents for placement in the database of a person who publishes regulated information in accordance with Sub-Clause 2 of Clause 14 of this Regulation, as well as for confirmation of the fact of such submission, are set out in Appendix 2 to this Regulation.

In accordance with Appendix 2 to the Regulation № 608, information to be placed in the database of a person who publishes regulated information shall be provided in the form of an electronic document with an electronic signature of an authorized person of the issuer / a person providing security based on a qualified public key certificate and must additionally contain identification data of the issuer / person providing security, whose representative is the authorized person (full or official abbreviated name and identification code of the legal entity).

Based on the results of the provision and disclosure of information, the issuer / person providing security receives a certificate of disclosure of information in the form of an electronic document, with a qualified electronic signature of the person disclosing the regulated information superimposed on it, using a qualified electronic trust service for the formation, verification and confirmation of a qualified mark time (relative to the time of creation of this reference).

The information received from the issuer / person providing security is subject to publication in the following forms:

in the form of the received original electronic document, suitable for unlimited downloading and copying (including a qualified electronic signature superimposed on the electronic document);

in a visual form that allows a person to perceive the content of information, as part of the information content of the website;

in a visual form that allows a person to perceive the content of the information and reproduce the information on paper, for unlimited downloading and copying;

in a form that makes it possible to perceive the content of information in a machine-readable format.

Information is subject to simultaneous publication in all specified forms. Prior to the publication of information in the specified forms, its publication or distribution by the person who publishes the regulated information in other forms is not allowed.

Together with the release of information, the person who releases the regulated information shall release and make available for unlimited download the certificate of release of the information referred to in paragraph 2 of this appendix.

- ***How have provisions been addressed regarding Home/Host Member State, professional secrecy and cooperation between Member States, and relations with ESMA?***

On February 22, 2024, the Verkhovna Rada of Ukraine adopted the Law of Ukraine On Amendments to the Law of Ukraine On State Regulation of Capital Markets and Organized Commodity Markets and Some Other Legislative Acts of Ukraine on Regulation and Supervision on Capital Markets and Organized Commodity Markets № 3585-IX. As a result of its adoption, Article 10 of the Law of Ukraine On State Regulation of Capital Markets and Organized Commodity Markets regulates the issue of international cooperation.

- ***Is a language that is customary in the sphere of international finance accepted?***

In accordance with the requirements of the Regulation № 608, regulated information shall be disclosed:

1) in the national language, as well as, if desired, additionally in any other language - for Ukrainian issuers;

2) in the national language and/or English – for foreign issuers.

In the event that a Ukrainian issuer discloses regulated information in a language other than the national language, such issuer shall ensure the reliability and completeness of such information disclosure, and the issuer is responsible for the

identity of the content of the regulated information and the correctness of the translation of the regulated information. In case of discrepancies and/or inconsistencies between regulated information that was simultaneously disclosed in the national language and additionally in another language, preference shall be given to regulated information that was disclosed in the national language. The procedure for interaction between issuers and a person which publishes regulated information shall be determined in accordance with the agreement concluded by the issuer with such a person.

- ***What compliance has been achieved with Directive 2013/34/EU on annual and consolidated financial statements of limited companies? (guideline, in particular: are there provisions for defining company size; capped disclosure in financial statements for small companies; medium-sized and large companies must prepare a management report; exemption for all small companies to prepare consolidated financial statements, compliance with key provisions on the True and Fair View, compliance with other overarching reporting principles).***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Did the country consider a light reporting regime for micro-companies (an option permitted by Art. 36 of the Accounting Directive)?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Has the notion of Public Interest Entities (PIEs) been introduced (banks, insurance companies, companies with securities listed)?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are medium-sized and large companies, as well as PIEs of any size, required to appoint a Statutory Auditor?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are individual and consolidated financial statements of all limited companies and PIEs published with the ad hoc business register? Are there sanctions for non-publication?***

The applicable regulations stipulate that companies submit financial statements to the state statistics authorities and tax authorities. The State Statistics Service of

Ukraine is the body that ensures the submission to the Unified State Register within one month from the date of receipt of financial statements on business activities of a company (except for budgetary institutions), including balance sheet and income statement.

- ***Are companies or groups active in the extractive or logging industries required to publish country-by-country reporting?***

According to the provisions of the Tax Code of Ukraine (sub-clauses 39.4.10 - 39.4.15), all the taxpayers, regardless of industry, which perform transactions recognised as controlled transactions due to the transfer pricing rules of Ukraine, and belong to the international group of companies (MNEs) with amount of the total consolidated income not less than the equivalent of EUR 750 million, are within the scope of Country-by-Country Reporting. There is no special provision in the Tax Code of Ukraine regarding public country-by-country reporting.

Ukraine has signed the Multilateral Agreement between the competent authorities for the exchange of Country-by-Country Reports (MCAA CbC) on November 3, 2022 (not activated yet, the OECD Report on the results of the information security management system assessment is expected to be approved in 2024). There are no other QCAAs in place.

According to the provisions of the Tax Code of Ukraine, the first reporting fiscal year is a year ending in the period from 1 January to 31 December 2022 for Ukrainian resident MNEs.

(Beginning in the period from 1 January to 31 December of the year when the MCAA will be activated for non-resident MNEs).

- ***What is the status of alignment with Directive (EU) 2021/2101, amending 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches?***

No relevant developments during the reporting period.

- ***Are there plans to make groups with revenues exceeding EUR 750 million required to publish a country by country reporting?***

No relevant developments during the reporting period.

- ***Has the IAS Regulation 1606/2002 (International Accounting Standards / International Financial Reporting Standards) been taken into account for entities with securities listed? If not, which accounting standards are applied for these?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Do large PIEs have to publish corporate sustainability reporting (as a separate section within their management report)?***

Yes. Certain elements of sustainability reporting are currently disclosed in the management report (corporate governance report) in accordance with the requirements of Directive 2013/34/EU. In accordance with the requirements of Directive 2013/34/EU and the Law of Ukraine On Accounting and Financial Reporting in Ukraine, the management report is subject to mandatory disclosure.

- ***Are listed and large companies obliged to publish corporate sustainability reporting? Do they apply national sustainability reporting rules or any of the existing international sustainability reporting frameworks (European Sustainability Reporting Standards - ESRS, ISSB standards, GRI)?***

Yes. Large companies and issuers of securities whose securities are admitted to trading on a regulated capital market or whose securities have been publicly offered in accordance with the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" are included in the list of companies of public interest. Currently, these companies disclose certain elements of sustainability reporting in their management report (corporate governance report) in accordance with the requirements of Directive 2013/34/EU. In accordance with the requirements of Directive 2013/34/EU and the Law of Ukraine "On Accounting and Financial Reporting in Ukraine", the management report is subject to mandatory disclosure.

- ***Are there plans to develop national sustainability reporting rules/standards for companies or to make mandatory any international sustainability framework (ESRS, ISSB standards, GRI)?***

As part of the implementation of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, Ukraine is currently developing a legislative framework for sustainability reporting, implementation of ESRS and assurance standards.

- ***Are there plans to require the assurance of sustainability information published by companies?***

As part of the implementation of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, Ukraine is currently developing a legislative framework for

sustainability reporting, implementation of ESRS and assurance standards.

● ***Do you have any plans to align with Directive (EU) 2022/2464 (14 December 2022) amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting?***

As part of the implementation of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, Ukraine is currently developing a legislative framework for sustainability reporting, implementation of ESRS and assurance standards.

● ***What compliance has been achieved with Directive 2006/43/EC and amending Directive 2014/56/EU? guideline, in particular:***

○ ***Has an independent public audit oversight and quality assurance system been established? If not, any plans in this regard? If yes, identify the competent authority and inform whether it is adequately resourced and funded?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

○ ***What compliance has been achieved with the strengthened independence requirements for auditors pursuant to Directive 2014/56?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

○ ***Are auditors required to use International Standards on auditing (ISAs)?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

○ ***Are there any specific requirements in place for the statutory audit of PIEs?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

○ ***Provisions for inspections, investigations, sanctions?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

In the reporting period, *the Ministry of Finance of Ukraine* took measures to further harmonize national legislation with EU legislation and to implement reforms aimed at Ukraine's accession to the EU, in particular:

In accounting:

at the national level further implementation of international financial reporting standards was ensured by the orders of the Ministry of Finance:

No. 617 “On Amendments to the Orders of the Ministry of Finance of Ukraine No. 356 dated December 29, 2000 and No. 1327 dated November 16, 2009” dated November 06, 2023;

No. 624 “On Approval of Amendments to Certain National Accounting Regulations (Standards)” dated November 07, 2023;

No. 130 “On Amendments to the National Accounting Regulation (Standard) 6 “Corrections of Errors and Amendments to Financial Statements” dated March 18, 2024;

the procedure for displaying assets and accounting estimates in the accounting records was brought in line with the requirements of international financial reporting standards. In order to harmonize national legislation in the field of accounting and financial reporting with EU legislation as well as to increase the level of transparency and comparability of financial reporting indicators of enterprises, amendments were made to the methodological recommendations on asset accounting.

International Financial Reporting Standards 2023 were updated and published in the official national language on the official website of the Ministry of Finance (https://www.mof.gov.ua/uk/translation_of_international_financial_reporting_standards_of_2023-718).

In order to introduce sustainable development reporting processes in Ukraine on a common methodological basis with the EU member states within the implementation of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU on sustainable development reporting, a draft Strategy for the Implementation of Sustainable Development Reporting in Ukraine has been developed. This strategy defines the purpose, goals and main tasks to ensure the formation and disclosure of information on sustainable development based on common methodological principles adopted in the EU member states.

In audit:

Regulations on the certification of auditors were improved in accordance with EU legislation and conditions were created for young and experienced professionals

to enter the profession, including via the following orders of the Ministry of Finance:

No. 330 dated June 19, 2023 “On Approval of Amendments to the Procedure for Crediting Theoretical Knowledge”, registered with the Ministry of Justice of Ukraine on July 04, 2023 under No. 1133/40189;

No. 377 dated July 6, 2023 “On Amendments to the Procedure for Passing Examinations for the Certification of Auditors”, registered with the Ministry of Justice of Ukraine on August 17, 2023 under No. 1422/40478;

No. 447 dated August 21, 2023 “On Amendments to the Procedure for Continuing Professional Training of Auditors”, registered with the Ministry of Justice of Ukraine on September 04, 2023 under No. 1551/40607.

In order to strengthen the quality control of audit services and the professional responsibility of audit activities, the Order of the Ministry of Finance dated May 17, 2023 No. 253 approved the Procedure for Conducting Inspections to Control the Quality of Audit Services and Other Inspections (registered with the Ministry of Justice of Ukraine on July 3, 2023 under No. 1127/40183).

The updated Register of Auditors and Audit Entities has been launched in accordance with the amendments to the Law of Ukraine “On the Audit of Financial Statements and Auditing Activities” (Order of the Ministry of Finance No. 329 “On Amendments to the Procedure for Maintaining the Register of Auditors and Audit Entities” dated July 19, 2023, registered with the Ministry of Justice of Ukraine on August 03, 2023 under No. 1321/40377).

Amendments to the Regulation on the Certification Commission were approved by the Order of the Ministry of Finance No. 420 dated August 03, 2023 (registered with the Ministry of Justice of Ukraine on August 18, 2023 under No. 1436/40492).

A set of international auditing standards was updated, including the publication of the International Code of Ethics for Professional Accountants (including international independence standards) on the official website of the Ministry of Finance of Ukraine (<https://www.mof.gov.ua/uk/mizhnarodni-standarti-auditu>).

In order to improve the quality of financial reporting in the non-banking financial services market, the draft Law of Ukraine “On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine on Improving Online Communication with Taxpayers and Clarifying Certain Provisions of the Law” (Reg. No. 9662) has been developed, which, in particular, provides for the renewal by the end of September 2024 of the requirements for mandatory quality control of services provided by audit companies in the non-banking financial services market, including the verification of audit reports.

Law of Ukraine dated February 23, 2024 No. 3603-IX “On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine on Improving Online Communication with Taxpayers and Clarifying Certain Provisions of the Law” entered into force on March 16, 2024.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ align national legislation with the *acquis* on cross-border operations (conversions, mergers and divisions) and on the use of digital tools and processes in company law

The NSSMC has been working on drafting the Law of Ukraine for bringing the legislation of Ukraine into compliance with EU legislation in the field of company law and corporate governance.

→ further align its legislation with the EU *acquis*, including on disclosure of company and foreign branches information, on encouraging long-term engagement of shareholders, and on takeover bids

On April 2, 2024 *the Ministry of Finance of Ukraine* drafted and adopted Order No. 161 “On Amendments to Order of the Ministry of Finance of Ukraine No. 163 dated March 19, 2021”, which provides for the establishment of the form and content of the ownership structure of a legal entity.

On April 03, 2024, the Order was submitted for state registration to the Ministry of Justice.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 2: Internal Market

**CHAPTER 7 – Intellectual
Property Law**

ЕУШУА

УКРАЇНА

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ЄВРОПА

1. Copyright and related rights

• *Have there been any changes in the authorities responsible for intellectual property law since the last Annual Report? What is the current level of administrative capacity in this area?*

No relevant developments or changes in the authorities responsible for intellectual property law during the reporting period.

• *Please describe the domestic legislation concerning copyright and related rights. To what extent is it aligned with the EU acquis in this area (see annex)? Please highlight major discrepancies and, in particular, any recent changes or amendments to the national regulatory framework, if any.*

The information on the national legislation of Ukraine on copyright and related rights and its compliance with the EU acquis provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Pursuant to the new version of the Law of Ukraine No. 2811-IX of 1 December 2022 “On Copyright and Related Rights” a number of by-laws were adopted in 2023, namely:

1) Resolution of the Cabinet of Ministers of Ukraine No. 1066 of 10 October 2023 “On approval of the Procedure for protection of personal non-property rights of the author in respect of works that have passed into the public domain in the absence of heirs”, developed to determine the mechanism for protecting personal non-property rights of the author whose work has passed into the public domain in the absence of heirs in accordance with the requirements of the Law of Ukraine “On Copyright and Related Rights”, taking into account the requirements of other legislative acts, in particular the Law of Ukraine “On Electronic Trust Services”;

2) Resolution of the Cabinet of Ministers of Ukraine No. 1312 of 15 December 2023 “On approval of the procedure for acquiring and losing the status of orphan works, phonograms, videograms and performances recorded in them, conditions of their permitted use and maintenance of the register”, developed to define the conditions for acquiring and losing the status of an orphan work, orphan performance, orphan phonogram, orphan videogram, the conditions of their permitted use, as well as to maintain a register of orphan works, performances, phonograms, videograms in accordance with the requirements of the Law of Ukraine “On Copyright and Related Rights”;

3) Order of the Ministry of Economy of Ukraine of “On approval of the Procedure for state registration of copyright and contracts relating to property rights to a work” No. 11319 of 16 August 2023 , was developed to harmonise bylaws and regulations on state registration of copyright and contracts, relating to property rights to a work, in accordance with the requirements of the Laws of Ukraine “On Copyright and Related Rights”, “On amendments to certain legislative acts of Ukraine to ensure the conclusion of an agreement between Ukraine and the European

Union on mutual recognition of qualified electronic trust services and implementation of the European Union legislation in the field of electronic identification”, and “On sanctions”.

The Marrakesh Treaty to Facilitate Access to Published Works for Persons Who are Blind, Visually Impaired or Otherwise Print Disabled entered into force, with respect to Ukraine, on 8 September 2023 (Law of Ukraine No. 2854-IX of 12 January 2023 “On the Accession of Ukraine to the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who are Blind, Visually Impaired or Otherwise Print Disabled”).

● ***Are there plans for further alignment with the copyright acquis? If so, please describe them and provide a timeframe, if possible.***

On 9 February 2024, the Cabinet of Ministers of Ukraine approved the Action Plan for the implementation of the European Commission’s recommendations presented in Ukraine’s Progress Report on the European Union Enlargement Package. The plans for further implementation of the EU *acquis* in the field of copyright and related rights are fully in line with the European Commission’s recommendation, and are outlined in the relevant Action Plan approved by the Government of Ukraine.

2. Industrial Property Rights

● ***Please describe the domestic legislation concerning patent protection. In particular, to what extent is it aligned with the EU acquis? Are supplementary protection certificates (SPCs) for medicinal products and/or plant protection products available and are they aligned with the relevant EU acquis, including Regulation (EU) 2019/933? Is the legislation aligned with the Directive 98/44/EC on the legal protection of biotechnological inventions? Are there rules governing the grant of compulsory licensing and are they aligned with Regulation 2006/816/EC?***

The protection of inventions and utility models in Ukraine is governed by the Civil Code of Ukraine, the Law of Ukraine “On Protection of Rights to Inventions and Utility Models” (the “Law”) and other regulations.

On 16 August 2020, amendments to the Law came into force, which implemented most of the provisions of the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their Member States, on the other hand (hereinafter referred to as the “Association Agreement”), which are consistent with:

Directive 98/44/EC of the European Parliament and of the Council of 6 July 1998 on the legal protection of biotechnological inventions;

Regulation (EC) No. 1610/96 of the European Parliament and of the Council of 23 July 1996 establishing a supplementary protection certificate for plant

protection products;

Regulation (EC) No. 1901/2006 of 12 December 2006 on medicinal products for paediatric use;

Regulation (EC) No. 469/2009 of the European Parliament and of the Council of 6 May 2009 on the supplementary protection certificate for medicinal products (Codified Version);

Regulation (EU) 2019/933 of the European Parliament and of the Council of 20 May 2019, supplementing Regulation (EC) No 469/2009 on the supplementary protection certificate for medicinal products.

At the same time, national legislation may be improved by taking into account the requirements of some of these Regulations and the Directive, particularly:

the deadline for submitting an application for the certificate renewal (Article 7 of Regulation 469/2009), as the Law does not contain clear time limits for submitting an application for paediatric extension of the certificate;

compulsory cross-licensing (Article 12 of Directive 98/44/EC).

The Resolution of the Cabinet of Ministers of Ukraine No. 859 of 15 August 2023 was adopted to implement the Law, and introduced a fee for the validity of supplementary protection certificate.

With regard to compulsory licensing, according to Article 30(3) of the Law of Ukraine “On Protection of Rights to Inventions and Utility Models”:

“In order to ensure the health of the population, state defence, environmental security, and other public interests, the Cabinet of Ministers of Ukraine shall have the right to allow a person nominated by it to use the invention (utility model) without consent of the holder of the patent. However:

- 1) permission for such use is granted based on specific circumstances;
- 2) the scope and duration of such use are determined by the purpose of the permit, and in the case of semiconductor technology, it should be only non-commercial use by public authorities or correction of anti-competitive practices by the decision of the relevant public authority;
- 3) permission for such use does not deprive the patent holder of the right to grant permits for the use of the invention (utility model) to other persons;
- 4) the right to such use is not transferred, except in the case when it is transferred together with that part of the enterprise or business practice in which this use is carried out;
- 5) the use is allowed mainly to meet the needs of the internal market;
- 6) the patent holder is notified of the granting of permission to use the invention (utility model) as soon as it becomes practically possible;
- 7) the permit for use is revoked if the circumstances due to which it was issued cease to exist;

8) the patent holder is paid adequate compensation in accordance with the economic value of the invention (utility model).

Decisions of the Cabinet of Ministers of Ukraine on granting permission to use an invention (utility model), term and conditions of its granting, revocation of permission to use, amount and procedure for payment of remuneration to the patent holder may be appealed in court”.

The procedure for the Cabinet of Ministers of Ukraine to grant a permission for the use of a patented invention (utility model) related to a medicinal product is set forth in the Resolution of the Cabinet of Ministers of Ukraine No. 877 dated December 4, 2013.

According to the Law of Ukraine No. 981 of 3 February 2016 “On Adoption of the Protocol Amending the TRIPS Agreement”, Ukraine adopted the Protocol Amending the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), concluded on 6 December 2005 in Geneva. The Protocol allows exporting countries to grant compulsory licences (those granted without the consent of the patent holder) to their generic suppliers to manufacture and export medicines to countries that cannot produce the necessary medicines themselves. These licences were initially limited to predominant supply to the domestic market.

At the same time, given the consequences of the armed aggression of the Russian Federation against Ukraine, in order to stimulate national production of pharmaceutical products and ensure public access to medicines, national legislation may be improved by taking into account the requirements of Regulation (EC) No. 816/2006 of the European Parliament and of the Council of 17 May 2006 on the compulsory licensing of patents relating to the production of pharmaceutical products for export to countries with public health problems.

In addition, the above-mentioned resolution of the Cabinet of Ministers of Ukraine can be brought into full compliance with the provisions of Regulation 2006/816/EC and the Protocol.

On 23 November 2023 the Ministry of Economy of Ukraine adopted Order No. 17768, which approved the Regulations of the Appeals Chamber of the National Intellectual Property Authority (UANIPPIO), which implemented the appeal administrative procedure for the enforcement of rights to inventions and utility models.

As of 31 March 2024, the Draft Rules for Drawing Up, Filing and Conducting an Examination of an Application for an Invention and an Application for a Utility model was under development with the aim to improve of patent protection and implement the provisions of EU acquis.

● ***Please describe the domestic legislation concerning trade marks. To what extent is it aligned with the EU acquis (Trade mark Package)⁵⁶?***

⁵⁶ https://ec.europa.eu/growth/industry/intellectual-property/trade-mark-protection_en

The national legislation of Ukraine in the field of trademark protection includes, inter alia, the Constitution of Ukraine, the Civil Code of Ukraine, the Commercial Code of Ukraine, the Law of Ukraine “On Protection of Rights to Trademarks for Good and Services”, and relevant bylaws. In addition, pursuant to Article 9(1) of the Constitution of Ukraine, international treaties in force and ratified by the Verkhovna Rada of Ukraine are part of the national legislation of Ukraine.

The Law of Ukraine “On Protection of Rights to Trademarks for Goods and Services”, among other things, provides for the following with respect to trademarks: the possibility of filing an application in electronic form; clear legal grounds for refusal to grant legal protection to a trademark or invalidation of a trademark registration; the procedure for registering a collective trademark; clear procedure for granting legal protection under the Madrid System for the International Registration of Trademarks; and sanctions for trademark infringement.

The Law also provides that the authorized body to grant permission to use the official name and international letter code of the state of Ukraine in a trademark and/or to include an imitation of the small State Emblem of Ukraine in the trademark image is a collegial body established by the UANIPIO.

A comprehensive assessment of the trademark Package EU acquis implementation into Ukrainian trademark legislation is currently underway. Conclusions on the prospects for further harmonization with the trademark Package EU acquis will be formulated basing on its results.

On 23 November 2023 the Order of the Ministry of Economy of Ukraine No. 17768, which approved the Regulations of the Appeals Chamber of the National Intellectual Property Authority (UANIPIO) and implemented the appeal administrative procedure for the enforcement of rights to trademarks was adopted.

On 20 December 2023 the Order of the Ministry of Economy of Ukraine No. 19944 “On Approval of the Regulation on the Commission for granting permission to use the official name and international alphabetical code of the State of Ukraine and/or to include an imitation of the Small State Emblem of Ukraine in a trademark” was adopted.

In order to take into account changes in trademark legislation since 2020 and to align the national practice with the Trademark Package, the Draft Rules for Drawing Up, Filing a Trademark Application, an Application for International Registration of a Trademark and Conducting an Examination of a Trademark Application, International Registration of a Trademark with Extension to Ukraine was developed and published on the website of the Ministry of Economy of Ukraine on 5 February 2024 for public discussion.

As of 31 March 2024 the Draft Rules are preparing for submission for intergovernmental approval.

- ***Please describe the domestic legislation on the protection of designs. To***

what extent is it aligned with Directive 98/71/EC on the legal protection of designs?

The protection of industrial designs in Ukraine is regulated by the Civil Code of Ukraine, the Law of Ukraine “On Protection of Rights to Industrial Designs”, and other regulatory acts.

On 16 August 2020, amendments to the Law of Ukraine “On Protection of Industrial Design Rights” came into force, which implemented most of the provisions of the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their Member States, on the other hand (hereinafter referred to as the “Association Agreement”), which are consistent with Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of industrial designs.

Along with this, the provisions of the Rules for drawing up and submitting an application for an industrial design, the Rules for examining an application for an industrial design can be improved in order to detail the provisions of Directive 98/71/EC of the European Parliament and of the Council, Council Regulation (EC) No. 6/2002, Commission Regulation (EC) No. 2245/2002.

On 23 November 2023 the Order of the Ministry of Economy of Ukraine No. 17768, which approved the Regulations of the Appeals Chamber of the National Intellectual Property Authority (UANIPAO) and implemented the appeal administrative procedure for the enforcement of rights to industrial designs, was adopted.

In order to take into account changes in industrial design legislation since 2020 and to align the national practice with the EU acquis, the Order No. 6237 “On Approval of the Rules for Drawing Up and Filing an Application for an Industrial Design and Conducting an Examination of an Application for an Industrial Design and International Registration of an Industrial Design” was adopted by Ministry of Economy of Ukraine on 7 March 2024.

As of 31 March 2024 the Order was being registered with the Ministry of Justice of Ukraine.

• Are there plans for further alignment with the acquis in the field of Industrial Property Rights? If so, please describe them and provide a timeframe, if possible.

On 9 February 2024, the Cabinet of Ministers of Ukraine approved the Action Plan for the implementation of the European Commission’s recommendations presented in Ukraine’s Progress Report on the European Union Enlargement Package. The plans for further implementation of the EU *acquis* in the field of Industrial Property Rights are fully in line with the European Commission’s recommendation and are outlined in the relevant Action Plan approved by the Government of Ukraine.

3. Trade secrets

• *Please describe the domestic legislation concerning trade secrets. Are there plans for further alignment with the acquis in this field (Directive (EU) 2016/943 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure)? Please provide a timeframe, if possible.*

According to the Civil Code of Ukraine (Article 505(1)), a trade secret is information that is secret in the sense that it is unknown in its entirety or in a particular form and set of its components and is not readily available to persons ordinarily dealing with the type of information to which it belongs, and therefore has commercial value and has been subject to measures to preserve its secrecy adequate to the circumstances taken by the person who legally controls this information.

Trade secrets may include information of a technical, organizational, commercial, production and other nature, except for those that cannot be classified as trade secrets by law (Article 505(2) of the Civil Code of Ukraine).

Intellectual property rights to trade secrets include: 1) the right to use trade secrets; 2) the exclusive right to authorize the use of trade secrets; 3) the exclusive right to prevent unlawful disclosure, collection or use of trade secrets; 4) other intellectual property rights established by law (Article 506 of the Civil Code of Ukraine).

Intellectual property rights to trade secrets belong to the person who has lawfully designated the information as a trade secret, unless otherwise provided by the agreement.

The term of intellectual property rights to a trade secret is limited to the term of existence of the set of features of a trade secret established by part one of Article 505 of the Civil Code of Ukraine.

The Law of Ukraine “On Protection against Unfair Competition” contains provisions on the illegitimate collection, disclosure and use of trade secrets.

This Law, the Code of Ukraine on Administrative Offences and the Criminal Code of Ukraine regulate the issue of misappropriation, use and disclosure of trade secrets.

Relations related to protection against unfair competition are regulated by this Law, the Law of Ukraine “On Protection of Economic Competition”, the Law of Ukraine “On the Antimonopoly Committee of Ukraine”, the “Paris Convention for the Protection of Industrial Property of 20 March 1883”, international treaties of Ukraine ratified by the Verkhovna Rada of Ukraine, and other legislative acts adopted on the basis of laws or resolutions of the Verkhovna Rada of Ukraine.

The national legislation on trade secrets largely complies with the EU acquis. Directive 2016/943 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure has been taken into account in the further implementation of the EU laws.

The Action Plan for the implementation of the recommendations of the European Commission presented in Ukraine's Progress Report on the European Union Enlargement Package, approved by the Order of the Cabinet of Ministers of Ukraine No. 133 of 9 February 2024, provides for a study on improving the application of mechanisms for the legal protection of intellectual property rights to trade secrets, taking into account the norms of EU law and best practices of EU member states. The deadline for completion is June 2024.

An analytical note on the mechanisms of legal protection of intellectual property rights to trade secrets is being prepared, taking into account EU law and best practices of EU member states, which systematizes information on the state of legislative regulation of relations on the protection of intellectual property rights to trade secrets in Ukraine, identifies gaps in regulation (terminology, subject composition, types of information that cannot be protected in the context of digitalisation, lawful and unlawful disclosure of trade secrets), and contains an analysis of the legislation of the EU member States, showing that a significant number of states have adopted separate national laws on trade secret protection after 2016 (Sweden, Spain, Croatia, Germany, France, Serbia, Slovenia, Montenegro, Ireland, Hungary, Finland, Denmark). At the same time, in the vast majority of countries that have introduced regulatory protection of trade secrets at the level of separate legislative acts, it is provided by the Trade Secrets Act or the Law on Trade Secrets. Only in some EU countries these relations are regulated by legislation on protection against unfair competition (Czech Republic, Albania, Romania) or by general industrial property legislation - industrial property codes or laws (Portugal, Italy, Republic of Poland). The article studies models of perspective regulatory regulation of relations in relation to trade secrets, taking into account the specifics of the legal system of Ukraine.

As of March 31, 2024 the Draft of an analytical note was under development.

4. Enforcement

• *Is there an effective system of enforcement of IPR to combat piracy and counterfeiting? If yes, is it fully compatible with Directive 2004/48/EC on the enforcement of intellectual property rights?*

Ukraine provides an effective system of intellectual property rights enforcement to combat piracy and counterfeiting. The provisions of Directive 2004/48/EC on the enforcement of intellectual property rights have been fully implemented in Ukrainian legislation.

On 20 March 2023, the Parliament adopted the Draft Law “On Amendments to Certain Legislative Acts of Ukraine on Strengthening the Protection of Intellectual Property Rights”, No. 6464 of 24 December 2022, which aims to implement Directive 2004/48/EC in terms of general obligations, civil measures, procedures and remedies for the protection of intellectual property rights under the Association Agreement.

To this end, the Law amended a number of general and sectoral legislative acts, including the Civil Code of Ukraine, the Civil Procedure Code of Ukraine, the Commercial Procedure Code of Ukraine, the Laws of Ukraine “On Protection of Rights to Industrial Designs”, “On Protection of Rights to Trademarks for Goods and Services”, “On Protection of Rights to Inventions and Utility Models”, “On Protection of Rights to Semiconductor Product Layouts”, “On Legal Protection of Geographical Indications”, “On Copyright and Related Rights”.

Order of the Ministry of Economy of Ukraine of “On approval of the Procedure for Formation and Maintenance of the National List of Websites Raising Concerns Regarding the Observance of Intellectual Property Rights” No. 2945 of 1 February 2024 was adopted in order to implement the Memorandum of Understanding between the World Intellectual Property Organization and the Ministry of Economy of Ukraine on the provision of data to the WIPO ALERT data-sharing platform dated 23 September 2020 and in accordance with the requirements of the Law of Ukraine “On Advertising”. According to this Law, it is prohibited to place Internet advertising on a website whose Internet address, according to WIPO, is included by Ukraine in the National List of Websites Raising Concern for the Protection of Intellectual Property Rights. Violation of this provision entails administrative liability in the form of a fine.

● ***Are there plans for further alignment with Directive 2004/48/EC? If so, please describe them and provide a timeframe, if possible.***

Ukrainian legislation is fully in line with Directive 2004/48/EC on the enforcement of intellectual property rights.

● ***Please describe the domestic institutions that are competent for the enforcement of intellectual property law. What are the tasks and powers of these bodies? Do they have the necessary institutional capacity to carry out their tasks? If possible, please provide relevant statistics.***

Administrative and judicial authorities are authorized to enforce intellectual property rights in Ukraine.

The administrative bodies include the Appeals Chamber of UANIPIO, the Ministry of Economy of Ukraine, the Ministry of Internal Affairs, the State Customs Service, the National Security and Defence Council, the Security Service of Ukraine, the Antimonopoly Committee of Ukraine, the Economic Security Bureau of Ukraine, National Agency of Ukraine for finding, tracing and management of assets derived from corruption and other crimes (Asset Recovery and Management Agency).

The Antimonopoly Committee of Ukraine ensures protection of interests of business entities from unfair competition related to misuse of intellectual property rights.

The Ministry of Internal Affairs of Ukraine, in accordance with the procedure and in the manner prescribed by law, takes measures to protect intellectual property rights from unlawful infringement.

The National Police of Ukraine records administrative offences related to infringement of intellectual property rights by drawing up relevant protocols and initiates criminal proceedings on the facts of infringement of intellectual property rights provided for by the Criminal Code of Ukraine.

In addition to administrative and criminal law measures to counteract intellectual property rights infringement carried out by police officers, the Expert Service of the Ministry of Internal Affairs of Ukraine together with state specialized forensic institutions of the Ministry of Justice of Ukraine, the Ministry of Health of Ukraine, the Ministry of Defence of Ukraine, the Security Service of Ukraine and the State Border Guard Service of Ukraine conducts forensic activities in the field of intellectual property.

The Strategic Investigations Department of the National Police of Ukraine detects this category of crimes within its competence in order to stop the criminal activities of leaders and members of organized groups and criminal organizations, as well as in case of supporting the relevant criminal proceedings on behalf of the investigator.

As part of the National Police of Ukraine, there is also a Cyber Police Department, which, in accordance with the legislation of Ukraine, ensures the implementation of state policy in the field of combating cybercrime, organizes and carries out operational and investigative activities in accordance with the legislation. The main tasks of the Cyber Police are: implementation of state policy in the field of combating cybercrime; informing the population in advance about the emergence of the latest cybercrimes; implementation of software tools for systematization and analysis of information about cyber incidents, cyber threats and cyber crimes; responding to requests from foreign partners received through the channels of the National 24-hour network of contact points; participation in improving the qualifications of police officers regarding the use of computer technologies in combating crime; participation in international operations and cooperation in real time; ensuring the operation of a network of contact points between 90 countries of the world; combating cybercrimes.

Pursuant to the Criminal Procedure Code of Ukraine (Article 216), investigators of the National Police conduct pre-trial investigations of criminal offences under the law of Ukraine on criminal liability, except for those that fall within the jurisdiction of other pre-trial investigation bodies.

Pursuant to Article 216(1) of the Criminal Procedure Code of Ukraine, investigators of the National Police conduct pre-trial investigations of criminal offences under Articles 176 (Infringement of Copyright and Related Rights) and 177 (Infringement of Rights to Invention, Utility Model, Industrial Design, Integrated Circuit Topography, Plant Variety, Rationalization Proposal) of the Criminal Code of Ukraine.

Economic Security Bureau of Ukraine is a central executive body tasked with combating offences that infringe on the functioning of the state's economy. Detectives of Economic Security Bureau of Ukraine conduct pre-trial investigations of criminal offences related to the illegitimate use of a trademark, trade name, qualified indication of the origin of goods, illegitimate collection for the purpose of use or use of information constituting a trade or banking secret. According to Part 3 of Article 216 of the Criminal Procedure Code of Ukraine the investigation of the crimes provided by Articles 229 and 232 of the Criminal Code of Ukraine is carried out by the detectives of the Economic Security Bureau of Ukraine, however, the General Prosecutor's office may determine the jurisdiction of such crimes by the police.

The State Customs Service of Ukraine, which is the central executive body that implements the state customs policy, maintains the customs register of intellectual property rights protected under national legislation on the basis of applications from right holders.

The State Customs Service, in accordance with its tasks, takes measures to promote the protection of intellectual property rights in the course of foreign economic activity and to prevent the movement of counterfeit goods across the customs border of Ukraine.

Customs control and customs clearance of goods containing intellectual property rights that are imported into or exported from the customs territory of Ukraine are carried out in accordance with the provisions of the Customs Code of Ukraine and other laws of Ukraine.

In particular, Article 544 of the Customs Code of Ukraine provides for the main tasks of the customs authorities, including promotion of intellectual property rights protection, taking measures to prevent the movement of goods across the customs border of Ukraine in violation of intellectual property rights protected by law, and preventing the movement of counterfeit goods across the customs border of Ukraine.

The State Customs Service takes measures to prevent and detect crimes related to the manufacture and distribution of counterfeit and dangerous products on the Ukrainian market, as well as to prevent and detect crimes related to the infringement of copyright and related rights during the reproduction, distribution of software, performance of phonograms, videograms and broadcasting programs.

The Security Service of Ukraine participates in the development and implementation of measures to ensure the protection of state secrets, and to assist in the preservation of trade secrets, the disclosure of which may harm the vital interests of Ukraine.

The Security Service of Ukraine is a specially authorized state body in the field of protection of state secrets (part 6 of Article 5 of the Law of Ukraine “On State Secrets”) and issues decisions of state experts on secrets on classification of information as state secrets in the form of the “Code of Information Constituting State Secrets” (part 1 of Article 12 of the mentioned above Law of Ukraine).

According to par. 3 and 4 of clause 1 of part 4 of the mentioned above Law of Ukraine, such decisions may be made with respect to intellectual property objects, namely: the grounds and expediency of classifying information as a state secret about inventions (utility models) intended for use in the areas specified in part one of Article 8 of this Law; about inventions (utility models) that have dual use or are intended for use in the field of defence, economy, science and technology, foreign relations, state security and law enforcement. If such a decision is made, the protection of information from unlawful dissemination is carried out on a par with other information constituting a state secret, including the use of counterintelligence, operational and investigative, and criminal procedural powers.

The National Security and Defence Council of Ukraine, as a coordinating body under the President of Ukraine, coordinates and exercises day-to-day control over the activities of executive bodies in the field of national security and defence.

The Council on Intellectual Property is a temporary advisory body of the Cabinet of Ministers of Ukraine, its main tasks are to promote coordination of executive authorities in the field of intellectual property and to prevent and terminate infringements of intellectual property rights.

The IP Council is chaired by the First Vice Prime Minister of Ukraine - the Minister of Economy of Ukraine.

It is planned to create on a permanent basis within the Council working groups on the areas of European integration in the field of intellectual property, increasing the effectiveness of the protection of intellectual property rights, including the fight against counterfeiting and piracy.

On 6 October 2023, the Cabinet of Ministers of Ukraine adopted a resolution that updated the Regulation on the IP Council and the composition of the Council, taking into account the changes that have taken place in the system of executive authorities and in IP public administration. The composition of the Council was expanded to include representatives of central executive authorities, committees of the Verkhovna Rada of Ukraine and other organizations, in particular, representatives of the Ministry of Strategic Industries of Ukraine, the Ministry of Digital Transformation of Ukraine, the Economic Security Bureau of Ukraine, Ukrainian National Office of Intellectual Property and Innovations (UANIPPIO), JSC “Ukroboronprom”, and the Ukrainian Corporation for Viticulture and Wine Industry “Ukrvinprom”.

Asset Recovery and Management Agency is a special governmental body, authorized to formulate and implement state policy in the sphere of tracing, finding of assets that are subject to seizure and that are aimed to be seized, as well as management of seized assets, including IP rights, in criminal proceedings.

In terms of competencies, the Asset Recovery and Management Agency has a unique function and legal status among government agencies in Ukraine.

Asset Recovery and Management Agency is similar to asset management offices and asset recovery offices successfully operating in the EU member states

according to Council Decision 2007/845/JHA of 6 December 2007, and other EU legal acts.

The UANIPIO Appeals Chamber is a collegial body of UANIPIO to consider appeals to UANIPIO decisions on the acquisition of intellectual property rights, applications for invalidation of intellectual property rights in whole or in part, applications for recognition of a trademark as well-known in Ukraine and consideration of other issues within its competence in accordance with this Law, other laws and regulations of Ukraine.

In order to ensure the transparency in the course of fulfilment of IPRs tasks and to strengthen the IPRs protection UANIPIO functions as the coordination platform for IP Dialogue with all stakeholders (public-private collaboration NGOs of right holders, business associations, media-industry, NGOs of patent attorneys, science and education institutions with Ministries, National Police, Bureau for Economic Security, Customs Office, Office of Prosecutor General etc.).

IP Mediation and Arbitration Center (a unit within UANIPIO) - operates to advance the provisions of the Memorandum of Understanding between the Ministry of Economy of Ukraine and the World Intellectual Property Organization aimed at promoting alternative dispute resolution methods in the field of intellectual property and enhancing the culture of intellectual property.

Intellectual Property Rights Infringement Monitoring Center (a unit within UANIPIO) – a specialised platform for expert communication on counterfeiting, similar to the European Observatory on IPR Infringement, which aims to bring together a wide range of stakeholders to combat the negative effect of counterfeiting, including brand representatives.

- *Are there specialised courts or tribunals to hear IPR cases?*

The Law of Ukraine No. 1402-VIII of 2 June 2016 “On the Judicial System and Status of Judges” provides for the establishment of the High Intellectual Property Court. The functioning of the High Intellectual Property Court is determined by the Decree of the President of Ukraine No. 299/2017 of September 29 2017, Articles 3, 20, 24, subparagraph 15 of paragraph 1 of Section XI “Transitional Provisions” of the Commercial Procedure Code of Ukraine, Article 31 of the Law of Ukraine “On the Judicial System and Status of Judges”.

By the decisions of the High Council of Justice of 1 June 2023, 16 members of the High Qualification Commission of Judges of Ukraine were appointed, thus resuming the work of the High Qualification Commission of Judges of Ukraine as a collegial body.

The High Qualification Commission of Judges of Ukraine is a state collegiate body of judicial governance which operates on a permanent basis within the system of justice in Ukraine.

As of today, the Commission has not adopted any decisions to extend the

competition for vacant positions of judges of the High Court on Intellectual Property (announced by the Commission's decision No. 98/zp-17 of 9 September 2017) and the competition for vacant positions of judges of the Chamber of Appeal of the High Court of Intellectual Property (announced by the Commission's decision No. 216/zp-18 of 5 October 2018).

● ***What is the exact number of counterfeited goods and copyright related material, which the enforcement institutions and police forces have registered/seized during the last 3 years (presented per year)? Provide also statistics on the destruction of counterfeit or pirated goods over the same period.***

Information provided by the Ministry of Internal Affairs of Ukraine:

According to the data of the Unified register of pre-trial investigations, police investigators conduct pre-trial investigation of 245 criminal offences based on the facts of the commission of the crimes provided for in Art. 176 of the Criminal Code of Ukraine (4 of which – the pre-trial investigation was stopped on the basis of Art. 280 of the Criminal Procedure Code of Ukraine).

During 2023, 47 criminal offences of this category were registered and materials related to 12 were sent to court. During the 1st quarter of 2024, 8 such criminal offences were registered, relevant materials were sent to the court.

Pursuant to Article 177 of the Criminal Code of Ukraine, a pre-trial investigation of 58 criminal offences is being carried out, of which 11 were registered in 2023 and materials related to 7 such criminal offences were sent to court. During the first quarter of 2024, 1 criminal offence of this category was registered. Police investigators conduct a pre-trial investigation of 159 criminal offences with the legal qualification of criminal offences provided in Art. 229 of the Criminal Code of Ukraine, of which the pre-trial investigation was stopped in 15 on the basis of Art. 280 of the CPC of Ukraine.

During 2023, 47 criminal offences of this category were registered and materials related to 33 were sent to court. During the 1st quarter of 2024, 7 such criminal offences were registered and materials related to 1 were sent to court. Pursuant to Article 232 of the Criminal Code of Ukraine, pre-trial investigation of 9 criminal offences is carried out. During 2023, 2 such criminal offences were registered, and during the first quarter of 2024 – 1.

Information provided by the Economic Security Bureau of Ukraine:

According to Article 216 of the Criminal Procedure Code of Ukraine, detectives of the Economic Security Bureau of Ukraine, carry out pre-trial investigation of criminal offences provided for by Article 229 of the Criminal Code of Ukraine – “Illegal use of a trademark, a company name, a qualified indication of the origin of goods is punishable by a fine of one thousand to two thousand non-taxable minimum income of citizens.”

According to the information of the Unified Register of Pretrial Investigations,

as of March 2024 (for the period of 2024), detectives of the Economic Security Bureau of Ukraine have been conducting pretrial investigations in 77 criminal proceedings on the grounds of criminal offences provided for in various parts of Article 229 of the Criminal Code of Ukraine.

During the operation of the Economic Security Bureau of Ukraine (ESBU), its detectives directed 16 criminal cases proceedings (for 41 episodes) to the court, regarding 35 persons. In 2023, pre-trial investigation was conducted in 70 criminal proceedings, 14 criminal proceedings were sent to court, 36 suspicions were declared, the total basic value of counterfeit products seized by the ESBU employees is more than UAH 300 million.

Information provided by the State Customs Service of Ukraine:

In 2021, customs authorities made 406 decisions on suspension of customs clearance of goods due to infringement of industrial property rights (IPR).

As a result of these decisions, the customs authorities drew up 27 protocols on violation of customs regulations under Article 476 of the Customs Code of Ukraine (hereinafter referred to as the Code) (“Moving goods across the customs border of Ukraine in violation of intellectual property rights”), more than 80 cases of destruction of counterfeit goods were recorded.

In 2022, customs authorities made 300 decisions to suspend customs clearance of goods on suspicion of IPR violations.

According to the result of the specified decisions by customs:

- 13 protocols on violation of customs rules under Article 476 of the Code were drawn up;
- in 53 cases, counterfeit goods were destroyed under Article 401 of the Code;
- in 15 cases, small batches of counterfeit goods were destroyed under Article 401 of the Code.

In 2023, customs authorities made 347 decisions to suspend customs clearance of goods on suspicion of IPR violations.

According to the result of the specified decisions by customs:

- 15 protocols on violation of customs rules under Article 476 of the Code were drawn up;
- in 78 cases, counterfeit goods were destroyed under Article 401 of the Code;
- in 49 cases, small batches of counterfeit goods were destroyed under Article 401¹ of the Code.

In the 1st quarter of 2024, customs authorities made 90 decisions to suspend customs clearance of goods on suspicion of IPR violations.

According to the result of the specified decisions by customs:

- 7 protocols on violation of customs rules under Article 476 of the Code were

drawn up;

- in 11 cases, counterfeit goods were destroyed under Article 401 of the Code;
- in 3 cases, small batches of counterfeit goods were destroyed under Article 401¹ of the Code.

As of 31 March 2024, 1008 objects of intellectual property rights were registered in the customs register based on the applications of the right holders, of which 941 objects of intellectual property rights are being implemented to promote the protection of IPR (current registrations). These are trademarks, industrial designs, inventions, objects of copyright.

It should also be noted that based on the statement of the authorized representative of the “National Interprofessional Bureau of Cognac” (France) on 24 January 2022, the geographical indication “COGNAC” was registered in the customs register for the first time.

Thus, customs authorities, in the event of detection of the presence of the markings “КОНЬЯК” on alcoholic products, which is a translation of the name “COGNAC”, apply the facilitation measures defined by Article 397 of the Code.

The specified assistance measures in accordance with the Code include:

1) suspension of customs clearance of goods based on data from the customs register in accordance with Article 399 of this Code;

2) suspension of customs clearance of goods at the initiative of the customs body in accordance with Article 400 of this Code;

3) destruction of goods, the customs clearance of which has been suspended due to suspicion of violation of intellectual property rights, in accordance with Article 401 of this Code;

4) suspension of customs clearance and destruction of small batches of goods moving (forwarded) across the customs border of Ukraine in international postal and express shipments, in accordance with Article 401 of this Code;

5) change of labeling on goods and their packaging in accordance with Article 402 of this Code.

In 2022, a scientific and practical discussion panel was held under the organization of the State Customs Service and the “Competitive Economy of Ukraine” program of the United States Agency for International Development (USAID), with the support of the Ministry of Finance of Ukraine, on the topic: “Organization of assistance by customs authorities in the protection of intellectual property rights to a trademark”.

The event was attended by judges, representatives of the American Chamber of Commerce, the Research Service of the Verkhovna Rada of Ukraine, the National Association of Patent Attorneys, national and international experts, rights holders, representatives of leading IPR companies, specialists of educational, expert and scientific institutions. During the event, recommendations of experts were heard

regarding the improvement of legislation in the field of promoting the protection of intellectual property rights, topical issues regarding the improvement of administrative procedures for promoting the protection of intellectual property rights during the movement of goods across the customs border of Ukraine were discussed.

These recommendations were taken into account during the preparation of the draft Law of Ukraine “On Amendments to the Customs Code of Ukraine on the Implementation of Certain Provisions of the Customs Code of the European Union”, which was submitted by the Cabinet of Ministers of Ukraine and registered in the Verkhovna Rada of Ukraine on 16 January 2024 under No. 10411.

This draft law proposes, in particular, to improve Section XIV of the Code regarding the promotion of IPR protection during the movement of goods across the customs border of Ukraine:

1) determination of the sufficiency of the conclusion of the right holder to confirm the violation of IPR and draw up a protocol on violation of customs rules related to the movement of goods across the customs border of Ukraine in violation of IPR;

2) extending the application of measures to promote the protection of IPR to cases of detection of goods suspected of violating IPR and moved outside customs control, concealed from customs control, by non-declaration, etc.;

3) strengthening of administrative responsibility for the movement of goods across the customs border of Ukraine in violation of IPR;

4) inclusion of the right holder in the list of persons participating in the proceedings in cases of violation of customs rules under Article 476 of the Code.

● ***Please describe the cooperation and coordination mechanisms put in place between relevant administrations.***

On 24 July 2023 the Ministry of Economy of Ukraine and the World Intellectual Property Organization (WIPO) signed a Memorandum of Understanding on cooperation in the field of intellectual property, which, in particular, defines the areas of cooperation as support for the development of alternative dispute resolution in the field of intellectual property, promotion of educational programmes and trainings for representatives of the judiciary, law enforcement and customs authorities in Ukraine.

Two Memorandums of Understanding between the Supreme Court and WIPO on cooperation and on the WIPO Lex-Judgments database of court decisions were concluded, thus Ukraine joined the global dissemination of leading court decisions in the field of intellectual property.

On 5 July 2023 the Memorandum of Understanding was concluded between the UANIPIO and the European Union Intellectual Property Office, which provides for the development of joint initiatives related to the enforcement of intellectual property rights.

On 12 July 2023 the Memorandum on enhanced technical and strategic partnership between the UANIPIO and the European Patent Office was concluded, which provides for the exchange of experience regarding appeal procedures and the best practices of the Appeals Chambers, conducting awareness campaigns and initiatives to support the field of intellectual property and innovation;

Cooperation with the anti-counterfeiting network Cooperatieve Vereniging SNB-REACT U.A. has been strengthened, in particular through the exchange of knowledge and latest practices in the system of protection of intellectual property rights, including with law enforcement and customs authorities.

On 16 June 2023 the Memorandum between UANIPIO and the Ukrainian Alliance to Combat Counterfeiting and Piracy was concluded, which provides for cooperation in the development of the system of protection of intellectual property rights, raising public awareness and improving legislation.

On 22 February 2024 the Memorandum of Cooperation between UANIPIO and the Economic Security Bureau of Ukraine was concluded, which provides for the exchange of analytical information related to the implementation of measures aimed at the prevention, detection and termination of offences, as well as the conduct of training and educational activities directed to raise the awareness of ESBU representatives regarding the current issues of protecting intellectual property rights and ensuring the economic security of the state.

On 19 March 2024 Memorandum of Cooperation between UANIPIO and the State Customs Service of Ukraine was concluded, which provides for the creation of tools and resources to strengthen the fight against counterfeit goods, the implementation of joint educational-practical, scientific-methodical and educational-enlightenment activities. The Parties intend to interact, in particular, in such areas as the exchange of information to monitor the state of IPR protection, the creation of tools and resources to promote the protection of IPR during foreign economic activities, prevention of displacement through the customs border of Ukraine of counterfeit goods, development of proposals for improvement of normative legal acts on protection of IPR, improvement of existing and creation of new services for exchange of information with right holders of IPR objects, as well as in other directions.

To highlight the activity of the State Customs Service of Ukraine in promoting the protection of IPR, the section “Intellectual property (IPR)” has been created on the official web portal of the State Customs Service Ukraine, which includes the following headings: “On assistance in the protection of IPR”; “Infographics”; “News of IPR”; “Customs Register”; “Regulatory and legal framework”; “Reference and methodical materials”; “Support Service”.

All sections on the official website of the State Customs Service of Ukraine are filled with relevant materials and information. The typical shortcomings of the applications of the right holders of IPR objects submitted to the State Customs Service of Ukraine were analysed. Information materials were developed in the form of an infographic “How to submit application for registration of an object of

intellectual property right (IP/IPR) in the customs register”.

To increase awareness and speed up the formation of skills of customs employees using the customs register of IPR objects, a step-by-step video instruction on using the software and information complex “Customs register of IPR objects” has been developed, which is located in the software and information complex “Customs register of IPR objects” of the Unified Automated information system of the State Customs Service of Ukraine.

During 2023, international experts of the EU4PFM and representatives of trademark rights holders held ten webinars with the aim of promoting the protection of IPR during the movement of goods across the customs border of Ukraine and comprehensive familiarization with the relevant legislation and practices of EU countries.

The exchange of information between government agencies regarding intellectual property rights infringement also is carried out in accordance with applicable laws and internal regulations of law enforcement agencies, by sending inquiries and other information and reference materials collected in the course of activities in the manner prescribed by applicable law.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

Information dashboard of the IP Office’s Activity indicators 2023:
https://nipo.gov.ua/wp-content/uploads/2024/04/Information_Dashboard-web.pdf

In order to align national regulations on the examination of applications for a geographical indication in accordance with the Laws of Ukraine “On the peculiarities of the legal protection of geographical indications for agricultural products and foodstuffs, the protection of rights and the application of quality schemes, including traditional specialties guaranteed for agricultural products and foodstuffs” and “On geographical indications of alcoholic beverages”, which implement relevant EU *acquis*, the Draft Order No. 536-21 of 12 March 12, 2021 “On amendments to the order of the Ministry of Economic Development, Trade and Agriculture of Ukraine dated ” was developed.

As of 31 March 2024 the Draft Order was under public discussion, awaiting comments from stakeholders.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ continue alignment with the EU acquis on copyright and industrial property rights, as well as on trade secrets

Par. 62 of the Action Plan for the Implementation of the European Commission's Recommendations presented in the Ukraine's Progress Report on the European Union Enlargement Package, adopted by the Cabinet of Ministers of Ukraine No. 133 on 9 February 2024., includes the following actions:

1) Conducting consultations with the EU side on the expediency of amending the Law of Ukraine “On Copyright and Related Rights” in accordance with the provisions of EU law.

Information on the progress:

On 22 February 2024 EU Commission (CNECT, GROW, NEAR and TRADE) and the Ukrainian authorities (Ministry of Economy, UANIPIO) arranged an online meeting which focused on the Commission recommendations and discussed, in particular, the amending of the Law of Ukraine “On Copyright and Related Rights”; conducting a research on improving the legal protection of trade secrets, considering the provisions of EU legislation and best practices of EU Member States.

On 15 March 2024 Ukraine participated in an explanatory meeting with the European Commission on Chapter 7 “Intellectual Property Rights”, during which was discussed in detail the implementation of the relevant EU acquis acts, namely on trademarks; designs; craft and industrial geographical indications; patents, including unitary patents; compulsory licensing; trade secrets protection; DSM Directive; broadcasting via satellite and retransmission by cable; Sat Cab II Directive; term of protection; artist's resale right; rental and public lending rights; implementation of the Marrakesh Treaty in EU law; orphan works; portability.

2) Adoption of the regulations on the examination of applications for inventions, utility models, and industrial designs to align them with the provisions of the relevant IP laws, which implement the provisions of EU acquis.

Information on the progress:

Information on the progress has already been provided in the answers to the following guiding questions of Chapter 2 “Industrial Property Rights”:

“Please describe the domestic legislation concerning patent protection. In particular, to what extent is it aligned with the EU acquis? Are supplementary protection certificates (SPCs) for medicinal products and/or plant protection products available and are they aligned with the relevant EU acquis, including Regulation (EU) 2019/933? Is the legislation aligned with the Directive 98/44/EC

on the legal protection of biotechnological inventions? Are there rules governing the grant of compulsory licensing and are they aligned with Regulation 2006/816/EC?";

"Please describe the domestic legislation on the protection of designs. To what extent is it aligned with Directive 98/71/EC on the legal protection of designs."

3) Holding consultations with the EU Side on the expediency of amending the Law of Ukraine "On Protection of Rights to Inventions and Utility Models" in line with the EU law.

Information on the progress:

On 15 March 2024 Ukraine participated in an explanatory meeting with the European Commission on Chapter 7 "Intellectual Property Rights", during which was discussed in detail the implementation of the relevant EU acquis acts, namely on patents, including unitary patents, compulsory licensing.

4) Development and submission to the Cabinet of Ministers of Ukraine of proposals for amendments to the Procedure for Granting Permission by the Cabinet of Ministers of Ukraine to Use a Patented Invention (Utility Model) Relating to a Medicinal Product, approved by Resolution of the Cabinet of Ministers of Ukraine No. 877 of 4 December 2013.

Information on the progress:

Ukrainian National Office for Intellectual Property and Innovations provided the Ministry of Health of Ukraine with nominations to the Working Group on the development of relevant amendments to the national legislation on the use of a patented invention (utility model) relating to a medicinal product.

5) Conducting a study on improving the application of mechanisms for the legal protection of intellectual property rights to trade secrets, taking into account the norms of EU law and best practices of EU member states.

Information on the progress:

Information on the progress has already been provided in the answer to the guiding question of Chapter 3 "Trade secrets".

6) Development and submission to the Cabinet of Ministers of Ukraine of proposals for amendments to the Regulation on IP representatives with regards to plant varieties, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 1183 of 19 August 2002.

Information on the progress: ongoing.

7) Amending the Procedure for drawing up, submitting and considering an application for a variety, approved by the order of the Ministry of Agricultural Policy No. 1609 of 31 August 2023.

Information on the progress: ongoing.

→ continue improving the functioning of collective management organisations and the payment of royalties to right holders

Information on the progress: ongoing.

Par. 63 of the Action Plan for the Implementation of the European Commission's Recommendations presented in the Ukraine's Progress Report on the European Union Enlargement Package, adopted by the Cabinet of Ministers of Ukraine No. 133 on February 9 2024, includes, among other things, the following action:

- Conducting consultations with the EU Party on the expediency of amending the Law of Ukraine "On the Effective Management of Property Rights of Copyright Holders in the Field of Copyright and (or) Related Rights" in view of the norms of EU law.

On 22 February 2024 EU Commission (CNECT, GROW, NEAR and TRADE) and the Ukrainian authorities (Ministry of Economy, UANIPIO) arranged an online meeting which focused on the Commission recommendations and discussed, in particular, the improvement of accreditation of collective management organizations and amending the Law of Ukraine "On Efficient Management of Property Rights of Right Holders in the Sphere of Copyright and/or Related Rights" in line with the EU acquis.

On 15 March 2024 Ukraine participated in an explanatory meeting with the European Commission on Chapter 7 "Intellectual Property Rights", during which the implementation of the relevant EU acquis, namely on collective rights management, was discussed in detail.

→ further improve the IPR enforcement system, in particular by combating piracy and counterfeit products and establishing an intellectual property court and leverage the collaboration with the European Union Intellectual Property Office

Par. 64 of the Action Plan for the Implementation of the European Commission's Recommendations presented in the Ukraine's Progress Report on the European Union Enlargement Package, adopted by the Cabinet of Ministers of Ukraine No. 133 on 9 February 2024, includes, among other things, the following actions:

1) Ensuring the functioning of the Intellectual Property Infringement Monitoring Centre within the UANIPIO

Information on the progress: ongoing.

Intellectual Property Rights Infringement Monitoring Center was established within UANIPIO, which operates as a specialised platform for expert communication on counterfeiting, similar to the European Observatory on IPR

Infringement, which aims to bring together a wide range of stakeholders to combat the negative effect of counterfeiting, including brand representatives.

IP Mediation and Arbitration Center offers mediation services in the IP sphere and operates to advance the provisions of the Memorandum of Understanding between the Ministry of Economy of Ukraine and the World Intellectual Property Organization aimed at promoting alternative dispute resolution methods in the field of intellectual property and enhancing the culture of intellectual property. Rules for conducting mediation in the specified area have been developed, the Register of mediators is being actively formed, educational and advisory activities are being carried out.

2) Ensuring the proper implementation of the Memorandum between UANIPIO and EUIPO, in particular, on establishing cooperation with the European Observatory on Intellectual Property Rights Infringement

Information on the progress: ongoing.

On 5 July 2023 the Memorandum of Understanding was concluded between the Ukrainian National Office of Intellectual Property and Innovations and the European Union Intellectual Property Office, which provides for the development of joint initiatives, related to the enforcement of intellectual property rights.

On 23 October 2023 the EUIPO and UANIPIO Work Plan of Joint Activities for 2024-2025 was signed under the MoU and provides for harmonising of the trademark and industrial design registration and examination practice with EU acquis, staff training opportunities and cooperation activities.

EU4IP, a new EU-funded cooperation project on IP matters, was launched by the European Union Intellectual Property Office, in partnership with the National Intellectual Property Center of Georgia (Sakpatenti), the State Agency on Intellectual Property of Moldova (AGEPI) and the Ukrainian National Office for Intellectual Property and Innovations (UANIPIO) on 25 March 2024. The EU4IP project will support Georgia, Moldova and Ukraine to strengthen national IP landscapes and to facilitate the alignment of IP legal and administrative frameworks to the EU systems towards EU accession. This EU-funded project is implemented by EUIPO for an initial duration of 48 months, starting from 1 January 2024, with a total budget of EUR 4 million provided by the European Union, including the EUIPO.

Regular meetings between UANIPIO and EUIPO are held on the implementation of the MoU and Work Plan, ongoing projects and participation in the EU4IP project.

3) Strengthening measures to combat piracy and counterfeiting;

Information on the progress: ongoing.

With the adoption of the Order of the Ministry of Economy of Ukraine of “On approval of the Procedure for Formation and Maintenance of the National List of Websites Raising Concerns Regarding the Observance of Intellectual Property

Rights” No. 2945 of 1 February 2024, a new mechanism for combating online piracy was introduced. This bylaw was developed for the realization of the Memorandum of Understanding between the World Intellectual Property Organization and the Ministry of Economy of Ukraine on the provision of data to the WIPO ALERT data-sharing platform of 23 September 2020 in accordance with the requirements of the Law of Ukraine “On Advertising”. The mechanism provides for tools to bring to administrative responsibility advertisers who place advertisements on websites that infringe intellectual property rights (pirate websites).

From 1 July 2023, the provision of WIPO dispute resolution services regarding domain names in the .UA domain was resumed, and the WIPO Center accepts new complaints regarding such domain names in accordance with the Dispute Resolution Policy regarding domain names in the .UA domain. This policy currently applies to second and third level domain name registrations.

On 23 November 2023 the Ministry of Economy of Ukraine adopted Order No. 17768, which approved the Regulations of the Appeals Chamber of the National Intellectual Property Authority (UANIPAO), which implemented the mediation procedure into the administrative procedure for invalidating industrial designs, inventions, and utility models.

On 29 December 2023 the Ministry of Economy of Ukraine adopted Order of “On approval of the Regulations on representatives in intellectual property matters (patent attorneys) and amendments to the provisions on attestation and maintenance of the state register of representatives in intellectual property matters (patent attorneys)” No. 20599, which expanded the powers of patent attorneys and it is provided that they have the right, in particular, to collect information about facts that may be important in the process of protecting and protecting the rights of the person he represents, including recording the content of web pages on the Internet, representing the interests of copyright holders or subjects of related rights regarding an application for the termination of violations of copyright and related rights using the Internet and regarding an application regarding the inclusion of a website in the national list of websites that cause concern regarding the observance of intellectual property rights.

The additional information has been provided in the answer to the guiding question “Please describe the cooperation and coordination mechanisms put in place between relevant administrations” of Chapter 4 “Enforcement”.

The information on statistics has already been provided in the answer to the guiding question “What is the exact number of counterfeited goods and copyright related material, which the enforcement institutions and police forces have registered/seized during the last 3 years (presented per year)? Provide also statistics on the destruction of counterfeit or pirated goods over the same period” of Chapter 4 “Enforcement”.

4) Ensuring the functioning of the IP High Court by completing the competition for vacant positions of judges.

Information on the progress: ongoing.

Two Memorandums of Understanding between the Supreme Court and WIPO on cooperation and on the WIPO Lex-Judgments database of court decisions were concluded, thus Ukraine joined the global dissemination of leading court decisions in the field of intellectual property.

The information on the progress has already been provided in the answer to the guiding question “Are there specialised courts or tribunals to hear IPR cases?” of Chapter 4 “Enforcement”.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 2: Internal Market

CHAPTER 8 – Competition Policy

ЕШУА

УКРАЇНА

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ЄВРОПА

Answers to the Guiding Questions

1. Antitrust and mergers

Key requirement: Competition law regulates restrictive agreements between companies, abuses of dominant position and anticompetitive mergers, in line with the relevant provisions of the Treaty on the Functioning of the European Union (TFEU), the relevant acquis and the country's obligations under the SAA. They are applied by an operationally independent and adequately staffed competition authority and through adequately trained courts.

1.1. Legislative alignment and institutional set-up

Substantive rules

● *Does the national competition law reflect the contents of Article 101 TFEU on restrictive agreements and Article 102 TFEU on abuses of dominant position (antitrust rules)?*

Yes. According to the European Commission's 2023 report “On the legislative framework, the Law on the protection of economic competition is to a large extent aligned with the EU acquis”.

The Law of Ukraine “On Protection of Economic Competition” provides for a **general prohibition on anticompetitive concerted actions** and appropriate sanctions for their commission.

Anticompetitive concerted actions, which are strictly prohibited, are provided for in sections two and three of Article 6 of the Law.

Such anticompetitive concerted actions, in particular, are recognized as concerted actions related to:

- 1) setting prices or other conditions for the purchase or sale of goods;
- 2) limiting production, markets, technical and technological development, investments or establishing control over them;
- 3) distribution of markets or sources of supply on a territorial basis, by the range of goods, the volume of their sale or purchase, by the circle of sellers, buyers or consumers, or on other grounds;
- 4) distortion of the results of auctions, contests and tenders;
- 5) removal from the market or restriction of access to the market (exit from the market) of other undertakings, buyers, sellers;
- 6) application of different conditions to equivalent agreements with other undertakings, which puts the latter at a competitive disadvantage;
- 7) entering into agreements subject to the acceptance by other undertakings of additional obligations that, by their nature or in accordance with trade and other fair business practices, do not relate to the subject matter of these agreements;

8) significant restriction of competitiveness of other undertakings in the market without objectively justified reasons.

Anticompetitive concerted actions are also considered to be similar actions (inaction) by undertakings in the commodity market that have led or may lead to the prevention, elimination, or restriction of competition if the analysis of the situation in the commodity market refutes the existence of objective reasons for such actions (inaction).

The commission of such anticompetitive concerted actions entails liability under the law, including a fine that may amount to up to 10 percent of the company's total revenue for the year preceding the year in which the fine is imposed.

Article 10 of the Law provides for the possibility of granting individual exceptions to anticompetitive concerted actions if the parties to the concerted actions prove that they are promoting: *improvement of production, purchase, or sale of goods; technical, technological, and economic development; development of small or medium-sized entrepreneurs; optimization of the export or import of goods; development and application of unified technical specifications or standards for goods; production rationalization*, if these concerted actions do not significantly restrict competition in the entire market or a significant part of it.

Article 11 of the Law provides that concerted actions that comply with the typical requirements for certain types of concerted actions established by the Antimonopoly Committee of Ukraine shall be permitted and shall not require the clearance of the bodies of the Antimonopoly Committee of Ukraine in accordance with part one of Article 10.

Pursuant to Article 12 of the Law, an undertaking holds a monopoly (dominant) position in the market of goods if:

it has no competitors in this market;

it is not subject to significant competition due to limited access by other undertakings to the purchase of raw materials and supplies and the sale of goods, barriers to market access for other undertakings, the availability of privileges or other circumstances.

A monopoly (dominant) position is considered to be that of an undertaking whose market share exceeds 35 percent, unless it proves that it is subject to significant competition.

An undertaking may also be recognized as monopoly (dominant) if its market share is 35 percent or less, but it is not subject to significant competition, in particular due to the relatively small size of market shares held by competitors.

The Law allows for the recognition of *joint dominance* of independent companies in market structures where no more than three undertakings hold an aggregate share of more than 50 percent, or no more than five undertakings hold a combined share of more than 70 percent of the relevant market.

The law does not prohibit undertakings from having a dominant or even

monopoly position in the market, but it *does prohibit abuse* of monopoly (dominant) position.

Pursuant to Article 13(1) of the Law, abuse of a monopoly (dominant) position in the market is the actions or inaction of an undertaking that holds a monopoly (dominant) position in the market that have led or may lead to the prevention, elimination or restriction of competition, or infringement of the interests of other undertakings or consumers, which would be impossible in the conditions of significant competition in the market.

Article 13(2) of the Law provides a non-exhaustive list of types of abuse of monopoly (dominant) position.

For more details on the English version of the Ukrainian legislation on protection of economic competition, please follow the link: <https://amcu.gov.ua/en/legislation>

• *Does the national competition law establish an ex ante control of the effects on competition of mergers above certain turnover threshold?*

Concentrations in Ukraine are regulated by the Law of Ukraine “On Protection of Economic Competition” (as amended by Law No. 3295-IX as of 09.08.2023 “On Amendments to Certain Legislative Acts of Ukraine on Improving Legislation on Protection of Economic Competition and Activities of the Antimonopoly Committee of Ukraine”, which entered into force on 01.01.2024), in particular, Sections V and VI of the Law.

The Law provides for prior notification of concentration. Thus, economic concentration is subject to control and, accordingly, to obtaining the AMCU's clearance if the parties to the concentration exceed the thresholds set forth in Article 24 of the Law of Ukraine “On Protection of Economic Competition”, namely:

1) the aggregate value indicators of all parties to the concentration, taking into account relations of control, including abroad, exceed an amount equivalent to 30 million euros, and at the same time, the value indicators in Ukraine of at least two parties to the concentration, taking into account relations of control, exceed the amount, equivalent to 4 million euros, each; or

2) the value indicators in Ukraine of at least one party to the concentration, taking into account relations of control, exceed an amount equivalent to 8 million euros, and at the same time, the volume of sales of goods of at least one other party to the concentration, taking into account relations of control, including abroad, exceeds the amount, equivalent to 150 million euros.

• *Is the primary legislation complemented by corresponding secondary legislation which reflects the EU regulations, guidelines and communications in the area of antitrust and merger? Where are the main gaps in the alignment?*

Primary legislation is supplemented and clarified by relevant secondary legislation:

Application area	By-laws of the AMCU
<p>Merger clearance procedures for concentrations</p>	<p>Regulations on the Procedure for Consideration of Applications and Cases on Concentration of Undertakings, approved by the Order of the Antimonopoly Committee of Ukraine on 19.02.2002 No. 33-p (as amended by the Order of the Antimonopoly Committee of Ukraine of 07.12.2023 No. 20-пн);</p> <p>The Procedure for Controlling the Implementation of the Decision of the Cabinet of Ministers of Ukraine on Granting Permits for Concerted Actions and Concentration of Undertakings, approved by the Order of the Antimonopoly Committee of Ukraine No. 283-p as of 29.08.2003.</p> <p>Total – 2 acts.</p>
<p>Procedural and methodological issues related to the consideration of applications and cases on violation of legislation on the protection of economic competition and making decisions on them.</p>	<p>Methodology for determining the monopoly (dominant) position of undertakings in the market, approved by the order of the Antimonopoly Committee of Ukraine as of 05.03.2002 No. 49-p, registered with the Ministry of Justice of Ukraine on 01.04.2002 under No. 317/6605;</p> <p>Procedure for consideration by the Antimonopoly Committee of Ukraine and its territorial offices of applications and cases on violation of legislation on protection of economic competition, approved by the Order of the Antimonopoly Committee of Ukraine dated 19.04.1994 No. 5 (as amended by the Order of the Antimonopoly Committee of Ukraine as of 23.11.2023 No. 16);</p> <p>The Procedure for Determining the Amount of a Fine Imposed for Violation of Legislation on Protection of Economic Competition, approved by the Order of the Antimonopoly Committee of Ukraine No. 22 as of 14.12.2023</p> <p>and other acts.</p> <p>Total – 6 acts.</p>

<p>Issues of permissible competitive behavior (concerted actions) and permitting procedures for concerted actions</p>	<p>Standard requirements for vertical concerted actions of undertakings regarding the supply and use of goods, approved by the Order of the Antimonopoly Committee of Ukraine as of 12.10.2017 No. 10;</p> <p>Typical requirements for concerted actions of undertakings for general exemption from prior permit of the Antimonopoly Committee of Ukraine for concerted actions of undertakings, approved by the Order of the Antimonopoly Committee of Ukraine No. 27-p as of 12.02.2002;</p> <p>Regulation on the Procedure for Submitting Applications to the Antimonopoly Committee of Ukraine for Permission to Conduct Concerted Actions of Undertakings (Regulation on Concerted Actions), approved by the Order of the Antimonopoly Committee of Ukraine No. 26-p as of 12.02.2002</p> <p>and other acts.</p> <p>Total – 6 acts.</p>
<p>Other issues</p>	<p>Total – 21 acts.</p>
<p>Total</p>	<p>35 acts</p>

Additionally, the AMCU may issue soft law acts. Pursuant to Article 4 of the Law of Ukraine “On Protection of Economic Competition”, in order to apply norms of the legislation on the protection of economic competition uniformly, including laws on the protection against unfair competition, the Antimonopoly Committee of Ukraine shall give the recommended interpretations with respect to the application of the laws.

Pursuant to Article 14 of the Law of Ukraine “On Protection of Economic Competition”, in order to prevent violations of the legislation on the protection of economic competition, to increase the predictability of its application, the Antimonopoly Committee of Ukraine or the administrative board of the Antimonopoly Committee of Ukraine may provide undertakings with conclusions in the form of advisory explanations on the basis of the information provided by them in the form of recommendations regarding the compliance of the actions of these undertakings with the provisions Articles 6, 10, 13 of this Law and Article 15-1 of the Law of Ukraine “On Protection from Unfair Competition”.

As for the latest updates for the reporting period:

Pursuant to the Law of Ukraine No. 3295-IX “On Amendments to Certain Legislative Acts of Ukraine on Improving Legislation on Protection of Economic Competition and Activities of the Antimonopoly Committee of Ukraine” adopted by

the Verkhovna Rada of Ukraine on 09.08.2023 and entered into force on 01.01.2024 (hereinafter – Law No. 3295), the AMCU approved 7 orders registered by the Ministry of Justice of Ukraine:

1) *No. 16 as of 23.11.2023 “On Amendments to the Order of the Antimonopoly Committee of Ukraine dated April 19, 1994 No. 5”, registered with the Ministry of Justice of Ukraine on 27.12.2023 under No. 2263/41319;*

(improves the procedure for consideration by the Antimonopoly Committee of Ukraine and its territorial offices of applications and cases on violation of legislation on protection of economic competition).

The Order proposes to bring in line with the Law (to improve) the rules on:

jurisdiction of cases of violation of legislation on protection of economic competition to the Antimonopoly Committee of Ukraine (hereinafter – the AMCU), state authorized persons of the AMCU, administrative boards of the territorial office of the AMCU;

identification of evidence in the case, which will be established, in particular by providing oral and written explanations of the parties and third parties, electronic evidence, surveys of consumers (individuals and legal entities);

fixing evidence with the help of technical or software and hardware means (if technically possible), taking photographs, audio or video recording;

improvement of the rights and obligations of persons participating in the case;

the procedure, conditions for filing an application for initiation of proceedings, requirements for its execution, the possibility of combining applications for initiation of proceedings against the same defendant and on the same issue, the time limits for consideration of such applications, and the formalization of the results of their consideration by the AMCU or territorial office;

commencement of consideration of cases by the AMCU, terms and procedure for their consideration;

actions that may be carried out in cases of violation of the legislation on protection of economic competition, in particular, conducting, on the basis of a court decision of an economic court: inspections of undertakings, associations, governmental authorities, local self-government bodies, administrative and economic management and control bodies; seizure or arrest of property, objects, documents, other data carriers that may indicate signs of violation of the legislation on protection of economic competition, be evidence or a source of evidence in the case, sealing premises, other possessions, electronic communications systems or other place of storage of information (information carriers), inspection of premises and other possessions of the inspected undertaking, associations, authorities, local self-government bodies, administrative and economic management and control bodies.;

deferral or installment of the fine by the AMCU;

holding hearings on violations, etc.;

2) *No. 17 as of 23.11.2023 “On Approval of the Procedure for Maintaining and Accessing the State Register of Undertakings Prosecuted for Committing a Violation Provided for in Clause 4 of Part Two of Article 6, Clause 1 of Article 50 of the Law of Ukraine “On Protection of Economic Competition” in the Form of Committing Anti-Competitive Concerted Actions Concerning the Distortion of the Results of Trades, Auctions, Competitions, Tenders”, registered with the Ministry of Justice of Ukraine on 27.12.2023 under No. 2259/41315;*

(determines the procedure for maintaining and accessing the State Register of undertakings held liable for committing a violation provided for in clause 4 of part two of Article 6, clause 1 of Article 50 of the Law of Ukraine “On Protection of Economic Competition” in the form of committing anticompetitive concerted actions related to the distortion of the results of tenders, auctions, competitions, and tenders);

3) *No. 18 as of 30.11.2023 “On Approval of the Procedure for Settlement in Cases of Anti-Competitive Concerted Actions and Abuse of Monopoly (Dominant) Position in the Market”, registered with the Ministry of Justice of Ukraine on 27.12.2023 under No. 2260/41316;*

(introduces the procedure for applying the settlement procedure in cases, which will increase the ability of the Antimonopoly Committee of Ukraine to investigate cases of anticompetitive concerted actions of undertakings and abuse of monopoly (dominant) position in the market);

4) *No. 19 as of 30.11.2023 “On Approval of the Procedure for Exemption from Liability for Violation of Legislation on Protection of Economic Competition in the Form of Anti-Competitive Concerted Actions”, registered with the Ministry of Justice of Ukraine on 02.01.2024 under No. 2/41347;*

(defines the mechanism and procedural principles for applying full or partial exemption from liability for violations of legislation on the protection of economic competition in the form of anticompetitive concerted actions of their participants in accordance with Article 52-1 of the Law of Ukraine “On Protection of Economic Competition”);

5) *No. 20 as of 07.12.2023 “On Approval of Amendments to the Regulation on the Procedure for Submission and Consideration of Applications for Preliminary Clearance of the Antimonopoly Committee of Ukraine's for Concentration of Undertakings”, registered with the Ministry of Justice of Ukraine on 17.01.2024 under No. 89/41434;*

(brought the Regulation on the Procedure for Submission and Consideration of Applications for Preliminary Clearance of the Antimonopoly Committee of Ukraine for Concentration of Undertakings, approved by the Order of the Antimonopoly Committee of Ukraine as of 19.02.2002 No. 33-p, registered with the Ministry of Justice of Ukraine on 21.03.2002 under No. 284/6572 (as amended by the Order of the Antimonopoly Committee of Ukraine as of 12.12.2019 No. 25), in line with Law

No. 3295, in particular, in the part of:

- 1) updating the concept of “control” taking into account the criterion of “ability” to exert decisive influence established by Law No. 3295-IX;
- 2) expansion of procedural rights of concentration parties;
- 3) specifying approaches to calculating the value of the parties to the concentration;
- 4) improving the rules on the jurisdiction of applications for concentration of undertakings;
- 5) clarifying the methods for determining the composition of a concentration party - a group of undertakings;
- 6) detailing the procedure for drafting, submitting and reviewing notifications on the acquisition of assets in the form of a single property complex, shares (stocks, units) of an undertaking, as provided for by Law No. 3295-IX;
- 7) optimization of the procedure for reviewing applications for preliminary conclusions and the procedure for reviewing applications for concentration clearance;
- 8) detailing the procedure for consideration of concentration cases, including in terms of accounting for the terms and stages of consideration of such cases, and the issue of decision-making in relevant cases;

6) *No. 21 as of 07.12.2023 “On Approval of the Procedure for Conducting Inspections of Undertakings, Associations, Authorities, Local Self-Government Bodies, Administrative and Economic Management and Control Bodies by the Antimonopoly Committee of Ukraine, its Territorial Offices”, registered with the Ministry of Justice of Ukraine on 01.02.2024 under No. 3/41348;*

(defines the procedure for conducting inspections of undertakings, associations, authorities, local self-government bodies, administrative and economic management and control bodies by the Antimonopoly Committee of Ukraine, bodies of the Antimonopoly Committee of Ukraine, territorial offices of the Antimonopoly Committee of Ukraine, employees of the Antimonopoly Committee of Ukraine and its territorial offices);

7) *No. 22 as of 14.12.2023 “On Approval of the Procedure for Determining the Amount of a Fine Imposed for Violation of Legislation on Protection of Economic Competition”, registered with the Ministry of Justice of Ukraine on 25.01.2024 under No. 123/41468,*

(provides for the approval of the procedure for determining the amount of a fine imposed for violation of the legislation on protection of economic competition).

The procedure for determining the amount of a fine sets forth:

- general provisions;
- main approaches to determining the amount of the fine;

- stages of determining the amount of the fine;
- determining the basic amount of the fine;
- adjusting the amount of the fine taking into account aggravating and mitigating circumstances;
- justification of other circumstances that affect the amount of the fine;
- determining the maximum amount of the fine.

In addition, the AMCU adopted the Order of the Antimonopoly Committee of Ukraine as of 28.12.2023 No. 23 “On Approval of the Procedure for Conducting Consumer Surveys in the Course of Consideration of Cases on Violation of Legislation on Protection of Economic Competition (Protection against Unfair Competition), Market Research”, registered with the Ministry of Justice of Ukraine on 26.01.2024 No. 143/41488. (standardizes and unifies approaches to conducting consumer surveys by the Antimonopoly Committee of Ukraine and the AMCU’s territorial offices and applying their results in cases of violation of legislation on protection of economic competition (protection against unfair competition), as well as in market research).

• Which body/ies has/have the power to adopt this secondary legislation (government, parliament, national competition authority)? What is the legal nature of this secondary legislation (binding rules/ soft laws such as guidelines)?

The Antimonopoly Committee of Ukraine (the national competition authority) is authorized to adopt secondary legislation pursuant to clause 11 of part three of Article 7 of the Law of Ukraine “On the Antimonopoly Committee of Ukraine”, which is binding on the territory of Ukraine in accordance with clause 7 of part two of Article 19 of the Law of Ukraine “On Lawmaking”.

Procedural rules

• How can investigations by the national competition authority be triggered? Can it launch investigations upon complaints or ex-officio?

Pursuant to Article 36 of the Law of Ukraine “On Protection of Economic Competition”, the Antimonopoly Committee of Ukraine may initiate investigations based on applications and complaints, on its own initiative (ex-officio) and upon submissions from state authorities, local self-government bodies, administrative and economic management and control bodies.

• Does the national competition authority have investigative powers that are similar to those of the European Commission? Can it issue binding requests of information? Can it carry out unannounced on-site investigations at companies' premises?

Yes, the AMCU has the right to conduct investigations based on statements and complaints, as well as on its own initiative. In the course of such investigations, the AMCU may use the following main tools to collect information:

1. Access to automated information and reference systems, registers and banks (databases), other systems for collecting, storing, processing and retrieving information;
2. To send requests for information to undertakings, government authorities, local self-government bodies and administrative and economic management and control bodies. At the same time, the AMCU's requests for information are mandatory.
3. Conduct inspections of undertakings, associations, government agencies, local governments, administrative and economic management and control bodies;
4. To conduct hearings in cases of granting permission for concerted actions, concentration, and violations of legislation on the protection of economic competition;
5. Conduct the examination and appoint an expert from among the persons who have the necessary knowledge to provide an expert opinion.

At the same time, Law No. 3295 amended a number of legislative acts which provide for the possibility, on the basis of a decision of an economic court, for the Antimonopoly Committee of Ukraine (its territorial office) to conduct inspections of undertakings, associations, authorities, local self-government bodies, administrative and economic management and control bodies, access to premises, other possessions, other places of storage of information owned and/or used by undertakings, associations, authorities, local self-government bodies, administrative and economic management and control bodies and perform certain procedural actions stipulated by the legislation on the protection of economic competition, in the form of inspection, sealing, seizure of property, and confiscation of property.

• Are antitrust and/or merger investigations subject to a deadline to be completed? Is there the possibility of a longer, in-depth investigation for potentially problematic mergers?

The law provides for several stages of consideration of a concentration clearance application, which have clearly defined deadlines:

The first is the procedure for accepting the application, verifying the information provided by the applicants for compliance with the requirements established by the AMCU (Regulation on the Procedure for Submission and Consideration of Applications for Preliminary Clearance of the Antimonopoly Committee of Ukraine for Concentration of Undertakings, approved by the Order of the Antimonopoly Committee of Ukraine as of 19.02.2002 No. 33-p, registered with the Ministry of Justice of Ukraine on 21.03.2002 under No. 284/6572 (as amended by the Order of the Antimonopoly Committee of Ukraine dated June 21, 2016 No.

14) (as amended) and limited by the Law of Ukraine “On Protection of Economic Competition” to 15 days.

The second is consideration of the merits of the application under the general and simplified procedures (Phase I). The term for consideration of an application differs depending on the complexity of the issue. An application may fall under the criteria of the simplified procedure, in which case the term for its consideration is 25 days from the date of its receipt. If the application does not meet the criteria for the simplified procedure, such an application is considered within thirty days from the date of its acceptance for consideration by the relevant body of the AMCU. The last day of the application review period is considered to be the day of the decision to grant the concentration clearance, unless the concentration case has been initiated.

At the third stage, if the grounds for prohibition of concentration are identified, the relevant authorities of the Antimonopoly Committee of Ukraine initiate the consideration of the concentration case (Phase II). According to the Law, the term for consideration of a concentration case should not exceed three months. The term starts from the date when the applicant(s) submits all information and receives the expert's opinion. If the Antimonopoly Committee of Ukraine does not make a decision within the period of consideration of the case, it is considered that the concentration is permitted.

At the same time, Law No. 3295 amended the Law of Ukraine “On Protection of Economic Competition”, according to which:

cases on violation of legislation on protection of economic competition shall be considered by the bodies of the Antimonopoly Committee of Ukraine within a reasonable period of time, but not more than three years from the date of adoption of the order to initiate the case, unless otherwise provided by this Law;

if there are reasonable grounds that prevent consideration of the case within the period specified in part one of this Article, the bodies of the Antimonopoly Committee of Ukraine may extend this period, but not more than for two years, which shall be notified in writing to the persons involved in the case;

the period of consideration of the case on violation of the legislation on protection of economic competition shall not include the time of suspension of the case in accordance with part two of Article 38 of this Law;

if no decision is made by the body of the Antimonopoly Committee of Ukraine within the time limits for consideration of the case provided for in parts one and two of this Article, the case shall be closed on the basis of indent seven of part one of Article 49 of this Law.

• *Can the national competition adopt decisions that the completion rules have been/not infringed?*

Yes. The Antimonopoly Committee of Ukraine may decide on the existence/absence of a violation of competition law. The types of violations of

competition law that the AMCU may decide on are listed in Article 50 of the Law.

• *Can it grant or refuse individual exemptions from the application of competition rules? Can it prohibit mergers? Can it impose structural and or behavioural remedies or accept commitments?*

Regarding the exemptions

I. Anticompetitive concerted actions that can only be committed after obtaining permission from the Committee or the Government of Ukraine.

The Law provides for the **possibility** of granting individual exceptions to anticompetitive concerted actions if the parties to the concerted actions prove that they are promoting: *improvement of production, purchase, or sale of goods; technical, technological, and economic development; development of small or medium-sized entrepreneurs; optimization of the export or import of goods; development and application of unified technical specifications or standards for goods; production rationalization*, if these concerted actions do not significantly restrict competition in the entire market or a significant part of it (*Article 10 of the Law*). The concerted actions defined in Article 10 of the Law are prohibited until obtaining the clearance from the AMCU or the Cabinet of Ministers of Ukraine.

Committing anticompetitive concerted actions under Article 10 of the Law prior to obtaining a clearance from the AMCU or the Cabinet of Ministers of Ukraine is a violation of the legislation on protection of economic competition under Article 50(5) of the Law.

II. Anti-competitive concerted actions that fall within the exceptions to the general prohibition on anti-competitive concerted actions and are not considered unlawful.

Thus, the law provides for group exceptions to this prohibition, which relate to:

- concerted actions of *small or medium-sized entrepreneurs* regarding the joint purchase of goods that do not lead to a significant restriction of competition and contribute to the competitiveness of small or medium-sized entrepreneurs (*Article 7 of the Law*);

- *exhaustive 4 types of restrictions in concerted actions on the supply or use of goods*, if such concerted actions do not significantly restrict competition in the entire market or a significant part of it, do not restrict access to the market for other undertakings, and do not lead to economically unjustified price increases due to shortages of goods (*Article 8 of the Law*);

- concerted actions *regarding intellectual property rights* (*Article 9 of the Law*);

- *other concerted actions that meet the standard requirements* established by the Antimonopoly Committee of Ukraine, if this is expressly stated in the

AMCU's decision to establish these standard requirements.

In accordance with the Standard Requirements for Concerted Actions of Undertakings for the general exemption from prior clearance by the AMCU's bodies for concerted actions of undertakings, vertical concerted actions are permitted and do not require clearance by the AMCU's bodies, provided that the following conditions are met:

- none of the undertakings that comprise the parties to the concerted actions holds a monopoly (dominant) position in any product market involved and does not have exclusive or preferential rights or powers from state authorities, local governments, administrative and economic management and control bodies, natural monopoly entities or other monopoly entities;

- the aggregate market share of all undertakings that include participants in the relevant type of concerted action in any product market involved does not reach the threshold size established in the Standard Requirements (for horizontal, mixed concerted actions – 15 percent, for vertical, conglomerate concerted actions – 20 percent).

The said permit does not apply to horizontal or mixed concerted actions related to: setting prices (tariffs) for the sale or purchase of goods; distribution of the market or sources of supply on a territorial basis, assortment of goods, volume of their sale or purchase, by the circle of sellers, buyers or consumers or on other grounds; restrictions, including termination, of the production of goods or sale or purchase of goods; distortion of the results of tenders, auctions, competitions, tenders.

Regarding concentrations

Pursuant to Article 31 of the Law of Ukraine “On Protection of Economic Competition”, the Antimonopoly Committee of Ukraine, upon consideration of a case on concerted actions or concentration, may, in particular, decide to prohibit such concerted actions or concentration.

Regarding commitments

In accordance with Article 31(2) of the Law of Ukraine “On Protection of Economic Competition”, in case of establishment of grounds for prohibition of concerted actions, concentration, the bodies of the Antimonopoly Committee of Ukraine shall notify their parties of the content of such grounds and establish a thirty-day period for submission by the participants of concerted actions, concentration of proposals on obligations to be undertaken by the participants of such concerted actions, concentration, which eliminate the relevant negative impact of concerted actions, concentration on competition and allow the body of the Antimonopoly Committee of Ukraine to make a decision on granting clearance for concerted actions, concentration.

The respective obligations of the parties to concerted actions and

concentrations are inherently consistent with the institution of commitments in the EU.

The commitments undertaken by the parties to the concerted actions, concentration should be proportionate to the reasonable threats of adverse effects on competition, the declared concerted actions, concentration, and the requirements for ensuring control over the fulfillment of the commitments assumed by the parties to the concerted actions, concentration should not be excessive.

In order to agree on the necessary commitments and requirements that will determine the decision of the Antimonopoly Committee of Ukraine on granting clearance for concerted actions, concentration, the bodies of the Antimonopoly Committee of Ukraine and participants of concerted actions, concentration, hold relevant consultations.

In most cases on concentrations, the AMCU applies behavioral remedies. In other words, it provides instructions to undertakings on their behavior in the market (setting competitive prices, providing services to other market participants, etc.).

Structural remedies are used less frequently and are applied only where there is no other effective remedy that is less burdensome for the parties to the concentration. Mostly, structural remedies are used to obtain merger clearance in concentrations (conglomerate or horizontal) in order to reduce the negative impact on competition and oblige the undertaking to divest or sell assets/undertakings.

The institution of commitments for cases of violation of economic competition law has not yet been introduced. At the same time, the AMCU may apply remedies in cases of violation of economic competition law (including cases of concentration control). In addition, remedies may be applied as interim measures.

• *Can it impose fines for breach of substantive as well as procedural rules? Is there a ceiling (e.g., % of turnover) to this fine? Is there a leniency policy (no fines or lower fines for companies that cooperate with the national competition authority in cartel cases)?*

The fine may be imposed both for violation of substantive rules (abuse of monopoly (dominant) position, anticompetitive concerted actions, etc.) and for violation of procedural rules (failure to provide information at the request of the AMCU, including submission of incomplete or inaccurate information, failure to comply with a decision or previous decision of the AMCU's bodies, obstruction of the AMCU's employees during inspections, mergers without obtaining the appropriate clearance of the AMCU's bodies, etc.).

Article 50 of the Law of Ukraine “On Protection of Economic Competition” defines the types of violations of legislation on protection of economic competition for which fines are imposed in the manner and in the amount specified in Article 52 of the said law. The upper limit of the fine is up to 10% of the undertaking`s income (revenue) from the sale of products (goods, works, services) for the last reporting

year preceding the year in which the fine is imposed.

If there is no income (revenue) or the defendant fails to provide the amount of income (revenue) at the request of the Antimonopoly Committee of Ukraine or the Head of its territorial office, the fine is calculated on the basis of the tax-free minimum income of citizens.

Law No. 3295 amended the Law of Ukraine “On Protection of Economic Competition” to improve the mechanisms of exemption from liability for participants in anticompetitive concerted actions (leniency), while the AMCU is given discretion to determine the amount of the fine depending on the priority of the application, namely, for the first applicant - up to 50%, the second - up to 30%, other applicants - up to 20%.

Also, the institute of settlement has been introduced, which is more effective in applying and encouraging an undertaking to recognize the fact of violation by the defendant in order to obtain a “15% discount on the imposition of a fine” by signing a settlement agreement in order to encourage the recognition of the violation by the said undertaking.

• *Is the competition authority consulted on draft laws that may affect competition? Can it issue ex-officio opinions on draft laws when not consulted?*

In accordance with Articles 7, 20, 20-1 of the Law of Ukraine “On the Antimonopoly Committee of Ukraine”, the Antimonopoly Committee of Ukraine has the following powers in the field of formation and implementation of competition policy, promotion of competition, regulatory and methodological support of the Antimonopoly Committee of Ukraine and application of legislation on protection of economic competition: to participate in the development and submit proposals for laws and other regulations, to the President of Ukraine and the Cabinet of Ministers of Ukraine in accordance with the established procedure, regulating the development of competition, competition policy and demonopolization of the economy, to approve draft regulatory acts of the President of Ukraine, the Cabinet of Ministers of Ukraine, central and local executive authorities, local governments, administrative and economic management and control bodies that may affect competition.

Government authorities, local self-government bodies, administrative and economic management and control bodies are obliged to coordinate with the Antimonopoly Committee of Ukraine and its territorial offices draft regulations and other decisions that may affect competition, including those related to the establishment of undertakings, establishing and changing the rules of their conduct in the market, or those that may lead to the prevention, elimination, restriction or distortion of competition in the relevant markets, as well as obtaining merger clearance from the Antimonopoly Committee of Ukraine in cases provided for by law.

The Antimonopoly Committee of Ukraine also submits proposals to the

Committees of the Parliament of Ukraine, if necessary, on draft laws on issues within its competence.

At the same time, the AMCU's powers do not include monitoring compliance with the process of approval of projects of regulatory and legal acts, non-fulfillment by state authorities of the obligation to approve projects of regulatory and legal acts with the AMCU, established by part four of Article 20 of the Law of Ukraine “On the Antimonopoly Committee of Ukraine”, disapproval of projects. The legal acts is not a violation of the legislation on the protection of economic competition, since the legislation of Ukraine (in particular, the requirements of the Regulations of the Cabinet of Ministers of Ukraine) does not define the procedural consequences of non-compliance with this obligation.

The AMCU does not have controlling powers over the obligation of governmental authorities, local governments, administrative and economic management and control bodies to submit to the AMCU for approval a draft regulatory act that may affect competition.

● *Can it conduct sector enquiries?*

Pursuant to Article 7 of the Law of Ukraine “On the Antimonopoly Committee of Ukraine”, the AMCU may conduct market research, determine the boundaries of the commodity market (in the media sector - according to the methods agreed with the National Council of Ukraine on Television and Radio Broadcasting), as well as the position, including monopoly (dominant) position, of undertakings in the relevant market and make relevant decisions (orders).

Institutional set-up

● *Is there an operationally independent authority that applies antitrust and merger rules? Is it attached to or part of another administration (ministry for instance)? By whom are the members of its board appointed?*

In performing its tasks and functions, based on the principles of activity defined by law, the Antimonopoly Committee of Ukraine is guided only by the legislation on protection of economic competition and is independent of state authorities, local self-government bodies, their officials and undertakings, as well as political parties and other associations of citizens or their bodies.

Interference of state authorities, local self-government authorities, their officials and undertakings, as well as political parties and other associations of citizens or their bodies in the activities of the Antimonopoly Committee of Ukraine and its territorial offices is prohibited, except in cases determined by the laws of Ukraine

The AMCU's management is formed from positions with special status that are not civil service positions:

- 1) The Chair of the AMCU, who is the State Commissioner of the AMCU;
- 2) State Commissioners of the AMCU – 5 positions;
- 3) First Deputy, Deputy Chairs of the AMCU, who are State Commissioners of the AMCU – 3 positions;

According to the Constitution of Ukraine, the Chair of the AMCU is appointed (dismissed) by the Parliament of Ukraine upon the proposal of the Prime Minister of Ukraine. At the same time, the Law provides that the Chair of the AMCU is appointed and dismissed by the President of Ukraine with the consent of the Parliament of Ukraine (Article 9 of the Law). The procedure for the appointment and dismissal of the Chair of the AMCU and State Commissioners specified in the Law was defined in the Constitution of Ukraine, adopted in 1996. At the same time, later amendments to the Constitution were adopted that brought the public administration system closer to the parliamentary model, vesting the Prime Minister of Ukraine with the relevant powers, who is elected by a majority coalition in the Parliament of Ukraine. Since the Law establishes a different appointment procedure than the current version of the Constitution of Ukraine, the norm of the Basic Law is applied in practice. The First Deputy and Deputy Chair of the AMCU from among the State Commissioners are appointed upon the proposal of the Prime Minister of Ukraine and dismissed by the President of Ukraine. The Prime Minister of Ukraine submits to the President of Ukraine a proposal for the appointment of the First Deputy and Deputy Chair of the AMCU in accordance with the proposals of the Chair of the AMCU (Article 10 of the Law).

State Commissioners of the AMCU are appointed by the President of Ukraine upon the proposal of the Prime Minister of Ukraine, which is made on the basis of proposals of the Chair of the AMCU, and dismissed by the President of Ukraine (Article 11 of the Law).

• *Is it directly adopting enforcement decisions or are these decisions legally adopted by another body (court, minister for instance)?*

The AMCU directly makes enforcement decisions.

• *In front of what courts can the decisions of the national competition authority be appealed?*

The applicant, the respondent, and the third party have the right to appeal the decision or order of the Antimonopoly Committee of Ukraine provided for in Articles 36 and 48 of the Law of Ukraine “On Protection of Economic Competition” to the commercial court within two months from the date of receipt of the decision or order. The said period is not subject to renewal (part 1 of Article 60 of the Law of Ukraine “On Protection of Economic Competition”).

• Can parties directly lodge complaints before national courts for a breach of antitrust or merger rules that affect their interests?

The current legal framework, taking into account case law, allows filing a claim for damages with the court after the decision of the Antimonopoly Committee of Ukraine, which establishes the fact of a violation, is made. Enforcement by the Antimonopoly Committee of Ukraine is a prerequisite for effective private enforcement, especially in cases of damage caused by abuse of monopoly (dominant) position, as it requires complex market analysis, collection of information that is classified, while the court process is adversarial and the court acts only as an arbitrator. In this regard, the existence of a decision of the Antimonopoly Committee of Ukraine gives the right not to prove the monopoly (dominant) position and the fact of its abuse, and the dispute is simplified for the parties, since the subject of the dispute is only the amount of damages.

Currently, courts cannot apply the legislation on protection of economic competition.

1.2. Implementation and enforcement capacity

• Is the national competition authority adequately staffed (numbers)? Is the staff sufficiently trained (both in law and in economics)?

Please find below an information regarding the AMCU's staff and professional background:

Education					
Year	Indicator	Lawyers	Economists	Other	Academic degree
2023	The AMCU's apparatus	117 (46%)	103 (40%)	35 (14%)	10 (4%)
	Territorial offices	102 (39%)	112 (43%)	83 (18%)	5 (2%)
	In total	219 (43%)	215 (41%)	35 (16%)	15 (3%)

• How many implementing decisions has the authority adopted in the reporting period (including comparison with previous reporting periods): i.e., number of negative decisions or decisions imposing remedies in cases concerning anti-competitive agreements (how many decisions on cartels?), abuses of

dominant position and mergers/ number of decisions imposing fines and total amount of the fines? Were there noticeable decisions against large/significant companies (e.g., telecommunication operators, important cartels)?

Indicator	Anticompetitive concerted actions		Abuse of monopoly (dominant) position		Mergers and concerted actions without obtaining the appropriate clearance/failure to comply with the requirements	
	2022	2023	2022	2023	2022	2023
Number of decisions recognizing violations	73*	290*	45	80	28	39
Fines imposed, UAH million	372,2	618,9	13,4	1 762,2	10,9	94,8

** all these decisions concern anticompetitive concerted actions of undertakings in the form of distortion of bidding results during participation in tenders/auctions/procurements)*

Indicator	Decision on granting merger clearances with imposition of obligations	
Year	2022	2023
Quantity, units	6	6

Examples of enforcement:

1. Decision No. 218-r - 219-r as of August 15, 2023 on the AMCU's merger clearance with the imposition of structural obligations in 2023.

Acquirer of control: AI PAVE Dutchco I B.V. (Amsterdam, Netherlands).

Objects of acquisition of control: the company “GfK SE” (Nuremberg, Germany) and the company “Acceleratio Holdco S.à r.l.” (city of Luxembourg, Grand Duchy of Luxembourg).

Content of declared merger:

Acquisition by AI PAVE Dutchco I B.V. of control over the company “GfK SE” by purchasing shares of the company “GfK SE” in the amount of 100 percent of the authorized capital of the company;

Acquisition by AI PAVE Dutchco I B.V. of control over “Acceleratio Holdco S.à r.l.” by purchasing shares of “Acceleratio Holdco S.à r.l.” in the amount of 100 percent of the authorized capital of the company.

Markets: the declared mergers relate to the markets for marketing services of retail metering for goods that are not goods of daily demand; marketing services for the separation of consumer groups; marketing services of retail measurement for goods of daily demand; individual marketing research services.

During the consideration of the cases, it was established that the implementation of mergers may lead to:

- strengthening of the position of the Advent Group (Buyer) in the marketing markets and, as a result, significant restriction of competition in the relevant markets;

- the occurrence of negative consequences in the form of a significant increase in the Advent Group's market power in relations with consumers in the markets of marketing services of retail measurement for goods of daily demand and marketing services of separation of consumer groups (panel surveys of consumers).

Therefore, the implementation of mergers should be conditioned by obligations, compliance with which will eliminate the negative impact of mergers on competition in the markets of marketing services of retail measurement for goods of daily demand and marketing services of separation of consumer groups.

Content of obligations:

In order to eliminate the negative impact of merger on competition in the markets of marketing services of retail measurement for goods of daily demand and marketing services of segregation of consumer groups in Ukraine, to oblige the company “GfK SE” (whose shares are owned, in particular, by the company “Acceleratio Holdco S.à r.l.”), taking into account relations of control, sell to an independent third party:

a) all contracts with customers of consumer segregation services, contracts with providers of consumer segregation services and contracts for the provision of consumer segregation services with survey participants that are related to “GfK SE's” activities in the field of consumer segregation services in Ukraine;

b) all tangible assets that are currently used by “GfK SE” to provide consumer segregation services in Ukraine;

c) all know-how necessary for the continuation of the business of providing consumer segregation services by “GfK SE” in Ukraine;

d) all historical data relating to consumer segregation services and rights to future data arising from “GfK SE's” consumer segregation services business in Ukraine;

e) all underlying software used by “GfK SE” to provide customer group segregation services in Ukraine;

f) all trademarks of “GfK SE” related to consumer separation services and used in the course of “GfK SE's” activities in Ukraine;

g) all standard office equipment from the office premises in Kyiv, where “GfK SE” currently carries out its activities in the provision of consumer group separation services in Ukraine.

“GfK SE” was also obliged to provide the Antimonopoly Committee of Ukraine with duly certified copies of documents confirming the sale of assets to an independent third party within one year from the date of the decision in case No. 130-25/1-23-EKк.

Conclusion: based on the results of the review of the merger and taking into account the obligations provided, which eliminate the negative impact of concentration on competition in the markets of retail measurement marketing services for everyday goods and marketing services for the separation of consumer groups, the AMCU cleared the merger.

2. Decision of the AMCU as of December 28, 2023 No. 397-r on violation of the legislation on protection of economic competition in the form of abuse of monopoly (dominant) position in the market.

Defendants and markets: In the interests of Ukraine's national security, the AMCU cannot disclose the names of the undertakings and markets involved.

The essence of the violation:

Undertaking 1 occupied a monopoly (dominant) position in the market during 2021 with a share exceeding 35%.

The actions of undertaking 1 consisted in the application of various essential conditions in the Individual Contracts to the Framework Sales Agreement in the period from 19.03.2021 to 30.09.2021, which led to the infringement of the interests of other undertakings and which would be impossible under conditions of existence of significant competition in the market.

Result: a fine totaling 1.4 billion UAH was imposed.

• *How many opinions on draft legislation affecting competition in the reporting period (including comparison with previous reporting periods) were made? Was there any follow-up?*

During the period from 15.06.2023 to 31.12.2023, the AMCU processed approximately 165 draft legal acts, and during the period from 01.01.2024 to 31.03.2024, 110 such draft regulations were approved with comments, without comments, and unsupported. These comments and proposals were considered at the meetings of the coordination meetings held by the main developers of such legal acts and at the relevant meetings of the Governmental Committees before their adoption by the Government.

In addition, in accordance with the provisions of Article 20¹ of the Law of Ukraine “On the Antimonopoly Committee of Ukraine”, the relevant Committees of the Parliament of Ukraine provided comments and proposals to the draft laws registered at the Parliament of Ukraine that may affect competition, and the AMCUs representatives were invited to participate in the meetings of these Committees (approximately 15 meetings were attended in the reporting period) in order to express the AMCU's position, provide justifications and explanations to the draft laws that may affect competition.

• *Did the competition authority use the leniency policy and conduct dawn raids? How many times over the reporting period (including comparison with previous reporting periods)?*

During the reporting period, no inspections, including dawn raids, were conducted. No leniency was applied during the reporting period.

• *How many complaints were received in the reporting period (including comparison with previous reporting periods)?*

Indicator	2022	2023
Total number of applications received from undertakings, associations, institutions, organizations and submissions from public authorities on violations of legislation on protection of economic competition - units	841	734
Total number of citizens' appeals received (applications, petitions, complaints, collective appeals) - units	1267	897

• *Are national courts sufficiently trained to apply antitrust and merger rules?*

Currently, courts cannot apply the legislation on protection of economic competition.

● *How many decisions of the national competition authority have been upheld and cancelled on appeal by the national courts the reporting period (including as compared with previous reporting periods)?*

During the period from 15.06.2023 to 31.03.2024, the national courts made final decisions on 27 decisions of the AMCU, of which:

- 17 decisions of the AMCU were upheld;
- 10 decisions of the Committee were canceled.

● *Is there an active policy to raise awareness among companies about the existence and content of antitrust and merger rules?*

The Antimonopoly Committee of Ukraine conducts advocacy activities on a regular basis:

Twice a year, the AMCU meets with representatives of the American Chamber of Commerce - at the beginning of the year and in the summer. During these meetings, the AMCU's priorities for the next year are discussed, as well as the current state of play and the latest legislative initiatives in the field of competition in the Parliament. In addition, during these meetings, Chamber member companies have an opportunity to ask their own questions.

Also, for example, during the first stage of the reform of the competition legislation of Ukraine (which resulted in the Law as of 09.08.2023 No. 3295), as part of the activities aimed at advocating for the reform, the AMCU participated in round tables and discussions with all stakeholders, in particular, the European Business Association and the Ukrainian Bar Association.

Finally, the AMCU is always open to the media and regularly responds to journalistic inquiries from both national and foreign publishers.

In 2023, the AMCU held a total of 18 advocacy events.

2. State aid

Key requirement: *A law on State aid must regulate State aid granted by public authorities in line with the relevant provisions of TFEU, the relevant acquis and the country's obligation under the SAA. State aid measures must be notified and approved by a State aid authority before being put in place. This authority must be operationally independent and adequately staffed and have the powers to authorise State aid schemes and individual aid grants, as well as the powers to order the recovery of State aid that has been unlawfully granted. Enforcement of State aid law must be effective.*

2.1. Legislative alignment and institutional set-up

Substantive rules

• *Is there a national law on State aid control, which reflects Article 107 and 108 TFEU?*

The Law of Ukraine “On State Aid to Undertakings” (hereinafter – the Law) establishes the legal framework for monitoring state aid to undertakings, controlling the compatibility of such aid for competition, aimed at ensuring the protection and development of competition, increasing the transparency of the state aid system and compliance with Ukraine's international obligations in the field of state aid.

The Law contains provisions that reflect the provisions of Articles 107 and 108 TFEU. Article 107 TFEU is reflected in Articles 2, 5 and 6 of the Law of Ukraine, which sets out what state aid may be recognized as compatible. The provisions of Article 108 TFEU are reflected in Articles 7 and 8 of the Law.

Pursuant to Article 8 of the Law, the Antimonopoly Committee of Ukraine (hereinafter - the AMCU) is the authorized body for state aid.

• *Is the primary legislation complemented by corresponding secondary legislation which reflects the EU regulations, guidelines and communications adopted for the implementation of Articles 107 and 108 and Article 106 TFEU (as regards the public financing of the provision of services of general economic interest)? Are there significant gaps in the alignment with the EU secondary legislation (certain aid instruments or aid to certain sectors are not regulated)?*

Thus, Ukraine has approved the relevant secondary legislation in the field of state aid, which reflects the EU acquis. The AMCU is constantly taking measures to improve the state aid legislation. During the reporting period, the following legislative acts were approved, which were developed on the basis of the relevant EU acquis acts and implement their provisions into Ukrainian legislation:

- Resolution of the Cabinet of Ministers of Ukraine No. 704 as of 11.07.2023 “On Approval of Criteria for Assessing the Compatibility of State Aid to Undertakings for the Provision of Services for the Creation and/or Selection, Organization and Distribution of Mass Media, which are Services of General Economic Interest”;

- Resolution of the Cabinet of Ministers of Ukraine No. 1087 as of 13.10.2023 “On Approval of Criteria for Assessing the Compatibility of State Aid to Undertakings for Local Infrastructure”;

- Resolution of the Cabinet of Ministers of Ukraine No. 1175 as of 10.11.2023 “On Approval of Criteria for Assessing the Compatibility of State Aid to Undertakings for Recreational Infrastructure”;

- Resolution of the Cabinet of Ministers of Ukraine No. 12 “On Approval of Criteria for Assessing the Compatibility of State Aid to Undertakings for the

Provision of Services of General Economic Interest” as of January 5, 2024;

- Resolution of the Cabinet of Ministers of Ukraine No. 26 as of 12.01.2024 “On Approval of Criteria for Assessing the Compatibility of State Aid to Undertakings in the Field of Civil Aviation”;

- Resolution of the Cabinet of Ministers of Ukraine No. 323 as of 22.03.2024 “On Approval of Criteria for Assessing the Compatibility of State Aid to Undertakings whose Activities Are Related to the Use of Port Infrastructure Facilities”.

• *Which body/ies have the power to adopt this secondary legislation (government, parliament, national State aid authority)? What is the legal nature of this secondary legislation (binding rules/soft laws such as guidelines)?*

The Cabinet of Ministers of Ukraine determines the criteria for assessing the compatibility of certain categories of state aid in accordance with part two of Article 6 of the Law.

Procedures for submitting and processing notifications of new state aid and amendments to the terms of existing state aid; reviewing state aid cases; forms and requirements for submitting information on existing state aid; and the methodology for creating a map of regional distribution of state aid are approved by the AMCU's relevant orders.

The AMCU also develops and submits proposals to the Cabinet of Ministers of Ukraine in accordance with the established procedure for the adoption of regulatory legal acts on state aid and provides clarifications on the application of state aid legislation.

• *Has a regional aid map been drawn up in line with obligations under the SAA?*

By its Order No. 20-rp as of 24.10.2019, the AMCU approved the Methodology for the Formation of a Map of Regional Distribution of State Aid. The Methodology takes into account the provisions on regional aid mapping set out in the Guidelines on Regional State Aid for 2014-2020 (2013/C 209/01) adopted by the European Commission.

The methodology determines whether the territories of Ukraine in the second level regions of the Nomenclature of Territorial Units for Statistics (NUTS II) are identical to the EU territories defined in Article 107(3)(a) TFEU.

Based on the above methodology, the indicators of Ukraine and the regions of Ukraine were assessed in comparison with the EU indicators and the Regional Aid Map of Ukraine was prepared.

The assessment showed that the regions of Ukraine belong to the territories identical to those of the EU described in Article 107(3)(a) of the Treaty on the

Functioning of the European Union (Territory A).

Thus, each of the 24 regions of Ukraine and the city of Kyiv are considered as “A” territories and the maximum intensity of state aid corresponds to the maximum intensity provided for in the EU for regional investment aid.

The AMCU sent the above-mentioned information by letter No. 500-29/01-17275 as of 24.12.2019 to the Ministry of Economy for further transmission to the EU party through the contact point of the Ukrainian party as part of the implementation of the Association Agreement.

Procedural law

• Does the law provide for an obligation to State aid grantor to notify all State aid measures to the national State aid authority? Is the proponent (e.g., ministry, government) of a regulation law or decree constituting the ground for granting State aid obliged to notify the draft to the State aid authority before its adoption?

Pursuant to Article 9 of the Law, providers of state aid shall submit notifications of new state aid with proposals for drafting laws, other regulatory and administrative acts aimed at supporting undertakings at the expense of state or local resources, and amending the terms of existing state aid.

Proposals to amend the terms and conditions of existing state aid are subject to notification if they may significantly affect the decision of the Authorized body on the compatibility of state aid for competition, in particular, if they relate to the purpose, terms, amount, sources of funding and recipients of state aid.

In accordance with clause 1 of Section IV of the Procedure for Submission and Review of Notifications on New State Aid, approved by the AMCU's order as of 04.03.2016 No. 2-rp, registered at the Ministry of Justice of Ukraine as of 04.04.2016 No. 501/28631 (as amended), a notification on new state aid is submitted to the AMCU at least 105 calendar days before the scheduled date of entry into force of the relevant regulatory act or decision of the provider allowing undertakings to receive new state aid.

• Is there a standstill clause (i.e., the notified aid cannot be granted until allowed by the State aid authority)?

The Law contains the general principle of incompatibility of state aid to competition, unless otherwise provided by this Law, and the concept of unlawful state aid - new state aid provided without notification to the AMCU or in the period after notification, but before the AMCU makes a decision on the compatibility of state aid to competition, or provided contrary to the AMCU's decision to recognize new state aid as incompatible to competition, except for the categories of state aid, the providers of which are exempt from the obligation to notify of new state aid according to this Law.

New state aid subject to notification may be granted only after the AMCU has issued a relevant decision (Article 9 of the Law).

Unlawful state aid may be terminated and returned if such aid is found to be incompatible for competition based on the results of the AMCU's review.

• *Can the State aid authority accept an aid measure under conditions to ensure its compatibility?*

Yes, it can.

Pursuant to Article 11 of the Law, the AMCU shall, upon consideration of a state aid case, make decisions, in particular, on

- the compatibility of new state aid for competition, including as a result of changes to the terms and conditions of state aid by the state aid provider;

- the compatibility of new state aid for competition, provided that the provider and recipients of state aid fulfill the obligations established by the AMCU.

• *Can the State aid authority launch ex-post control, ex-officio or on the basis of a complaint, against an aid measure which was not notified? Can it order its recovery, with interest, when the non-notified aid is found to be incompatible with State aid rules?*

Thus, the AMCU, as the authorized body for state aid, may initiate proceedings on illegal state aid in case of receiving information from any source about illegal state aid, in particular, in case of receiving an application from interested parties. This mechanism is envisaged by Article 12 of the Law and the Procedure for Consideration of Cases on State Aid to Undertakings. Based on the results of such a case, the AMCU may decide to terminate and return the illegal state aid recognized as incompatible for competition.

Institution set-up

• *Is there an operationally independent authority that applies State aid rules? Is it attached to or part of another administration (ministry for instance)? By whom are the members of its board appointed? Are the members of the board able to take decisions independently, free from political interference and to neither seek or take instructions from any Government, or other institution, body, office or entity and to exercise their powers transparently and impartially, with appropriate rules on conflict of interests?*

The AMCU is designated as the authorized body for state aid. In accordance with the Law of Ukraine "On the Antimonopoly Committee of Ukraine", the AMCU is a state body with a special status. The AMCU is controlled by the President of Ukraine and is accountable to the Verkhovna Rada of Ukraine. The AMCU is composed of the Chair and eight state commissioners. The Chair of the

Antimonopoly Committee of Ukraine is appointed and dismissed by the President of Ukraine with the consent of the Verkhovna Rada of Ukraine. The First Deputy and the Deputy Chair of the Antimonopoly Committee of Ukraine from among the state commissioners are appointed upon the proposal of the Prime Minister of Ukraine and dismissed by the President of Ukraine. The Prime Minister of Ukraine shall submit to the President of Ukraine a proposal for the appointment of the First Deputy and Deputy Head of the Antimonopoly Committee of Ukraine in accordance with the proposals of the Head of the Antimonopoly Committee of Ukraine. State authorized persons of the Antimonopoly Committee of Ukraine shall be appointed to the positions upon the submission of the Prime Minister of Ukraine, which is made on the basis of proposals of the Chair of the Antimonopoly Committee of Ukraine, and dismissed from the positions by the President of Ukraine.

The Antimonopoly Committee of Ukraine and its territorial offices are guided only by the legislation on protection of economic competition and are independent from state authorities, local self-government bodies, their officials and undertakings, as well as political parties and other associations of citizens or their bodies. Interference of state authorities, local governments, their officials and undertakings, as well as political parties and other associations of citizens or their bodies in the activities of the Antimonopoly Committee of Ukraine and its territorial offices is prohibited, except in cases specified by the laws of Ukraine (Article 19 of the AMCU Law).

• *Does it directly adopt enforcement decisions or are these decisions legally adopted by another body (court, minister for instance)?*

Decisions in the field of state aid are made directly by the AMCU. The AMCU's orders, decisions and requests within its competence are binding within the timeframe specified by them.

• *In front of which courts can the decisions of the national competition authority be appealed?*

Interested parties have the right to appeal against the AMCU's decisions on state aid adopted in accordance with the Law in whole or in part to the district administrative court with territorial jurisdiction over the city of Kyiv within one month from the date of receipt. Acceptance for consideration by the administrative court of the application for invalidation of the decision of the authorized body in full or in part does not suspend its implementation (Article 17 of the Law).

• *Can parties directly lodge complaints before national courts for a breach of State aid rules?*

According to the existing court practice, the authority to determine whether measures to support undertakings are state aid and to assess the compatibility of state

aid is exclusively within the competence of the AMCU.

At the same time, in accordance with Article 17 of the Law, the AMCU's decisions on state aid may be appealed to the court. In addition, actions or omissions of the AMCU as the authorized body on state aid may be appealed.

2.2. Implementation and enforcement capacity

• *Is the national State authority adequately staffed (numbers)? Is staff sufficiently trained? Is the authority sufficiently funded?*

Thus, the AMCU has a Department for Monitoring and Control of State Aid, whose main task is to ensure the AMCU's work as an authorized body on state aid. The Department consists of 5 sections and is headed by the Director. The Department has 27 employees.

• *How many decisions on aid measures were adopted in the reporting period (include comparison with previous reporting periods)? How many concerned non-notified aid measures? How many negative or conditional decisions were adopted in the reporting period and in previous years? Have there been any decisions ordering the recovery of unlawful aid since the law on State aid control came into force?*

No relevant developments during the reporting period.

• *How many negative or conditional decisions for restructuring aid were adopted in the reporting period and in previous years?*

No relevant developments during the reporting period.

• *How many complaints has the State authority received in the reporting period and in previous years? How many complaints has the State authority handled (rejection or decision) in the reporting period and in previous years?*

No relevant developments during the reporting period.

• *Is there any indication that a significant number of aid measures are put in place before they are notified to and approved by the State aid authority?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Are there any particularly significant and problematic State cases currently on-going? Which ones?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Has the inventory of existing aid schemes (i.e. those in force before the law on State aid control came into force) been completed, and have they been aligned with the acquis, in line with the requirements of the SAA?*

On 31.01.2024, a technical call was held with representatives of the AMCU, the European Commission, the EU technical support project COMPASA and the EU Delegation to discuss the inventory. On February 13, 2024, an email was received from the European Commission with comments on the register of existing state aid, as well as a template for the register.

On 29.02.2024, the AMCU received a report from the COMPASA project on the inventory of existing state aid. A working meeting was held on 06.03.2024 with the COMPASA project manager and it was agreed to cooperate to complete the inventory.

As a result of this meeting and the processing of the COMPASA report, an additional request was sent to the COMPASA project on 15.03.2024 to organize a technical call with Project experts to discuss the inventory in detail and develop further ways to implement it. The technical call took place on 29.03.2024.

• *Have the rules on aid to companies in difficulty in the steel sector been properly implemented, in line with the requirement of the relevant Protocol of the SAA?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *How many decisions of the national State aid authority have been upheld and cancelled on appeal by the national courts the reporting period and in previous years?*

During the reporting period, 2 decisions were fully canceled; 1 decision was partially canceled; 1 decision was upheld by the court.

• *Is there a sufficient level of awareness of the aid granting public bodies of the existence of State aid rules? Is there an active advocacy policy to raise such awareness?*

One of the AMCU's priorities remained advocacy policy to raise awareness of state aid legislation among providers.

During the reporting period, the following was done:

- 159 consultations were provided to state aid providers;

- 5 speeches at conferences;
- participated in 10 round tables;
- 23 individual written explanations were provided;
- 2 general clarifications on the application of state aid legislation were provided and published on the AMCU's official website.

3. Liberalisation

The competition rules apply to State owned companies and companies with special or exclusive rights.

• Are there any exceptions (sectors or types of enterprises) to the application of Competition and State aid rules?

The Law of Ukraine "On State Aid to Undertakings" applies to any support of undertakings by state aid providers at the expense of state or local resources for the production of goods or certain types of economic activities, except as provided for in part two of Article 3 of this Law.

There is no sectoral or special legislation on state aid for specific undertakings.

Regarding legislation on protection of economic competition:

Ukraine has a separate sectoral regulatory framework for the following sectors:

I. Media sector

Pursuant to clause 11 of part one of Article 7 of the Law of Ukraine "On the Antimonopoly Committee of Ukraine", the Antimonopoly Committee of Ukraine has the following powers in the area of control over compliance with legislation on protection of economic competition:

11) to conduct market research, determine the boundaries of the commodity market (in the media sector - according to the methods agreed with the National Council of Ukraine on Television and Radio Broadcasting), as well as the position, including monopoly (dominant) position, of undertakings in the relevant market and make relevant decisions (orders).

Article 7 of the Law of Ukraine "On Media" stipulates that the state shall promote free competition in the media sector in order to protect the rights and interests of users and guarantee freedom of economic activity in accordance with this Law and the Law of Ukraine "On Protection of Economic Competition".

Article 7 of the Law of Ukraine "On Media" stipulates that the state shall promote free competition in the media sector in order to protect the rights and interests of users and guarantee freedom of economic activity in accordance with this Law and the Law of Ukraine "On Protection of Economic Competition".

No individual or legal entity, individually and/or jointly with a group of related persons, has the right to control in any way, including through influence on the formation of the management and/or supervisory bodies of an entity in the field of audiovisual media, more than 35 percent of the total volume of the relevant territorial audiovisual media market - national or regional.

The boundaries of media markets are determined by the Antimonopoly Committee of Ukraine, including upon the proposal of the National Council. The methodology for determining the boundaries of media markets shall be approved by the Antimonopoly Committee of Ukraine in consultation with the National Council.

No individual or legal entity, individually and/or jointly with a group of related persons, may control in any way, including through influence on the formation of management and/or supervisory bodies of an entity in the field of print media, more than 5 percent of the total number of registered print media.

The Antimonopoly Committee of Ukraine shall exercise control over compliance with the requirements provided for in this Article.

The market of distribution (dissemination) and consumption of advertising information is one commodity market regardless of the method of distribution (dissemination) and consumption of advertising information and regardless of the type of media. The methodology for determining the boundaries of this market shall be approved by the Antimonopoly Committee of Ukraine in agreement with the National Council.

In case of detection of signs of non-compliance by a media entity with the restrictions specified in this Article, the National Council shall decide to apply to the Antimonopoly Committee of Ukraine with a notice of violation of the legislation on protection of economic competition.

II. Insurance sector

The Law of Ukraine "On Insurance", which entered into force on 01.01.2024, provides that an applicant for a license shall submit to the Regulator, in accordance with the requirements, in the manner and in the form established by the Regulator's regulations, the following documents and information, in particular, the conclusion (preliminary conclusion) of the Antimonopoly Committee of Ukraine on concentration and/or the clearance of the Antimonopoly Committee of Ukraine for concentration in cases provided for by law. The regulator has the right to refuse to issue a license in the event that: there is no merger clearance from the Antimonopoly Committee of Ukraine in cases where such clearance is required by law.

A person who intends to acquire a substantial shareholding in an insurer or increase it in excess of the thresholds set forth in part eight of Article 18 of this Law (hereinafter - the applicant) shall submit to the Regulator: a conclusion (preliminary conclusion) of the Antimonopoly Committee of Ukraine on concentration and/or a clearance of the Antimonopoly Committee of Ukraine for concentration in cases

provided for by law. The regulator has the right to prohibit a person from acquiring or increasing a significant interest in an insurer or to refuse to approve an acquired/increased significant interest in an insurer after its actual acquisition or increase if the acquisition or increase of a person's substantial participation in the insurer, in the opinion of the Regulator, will threaten the interests of policyholders, insured persons, beneficiaries or reinsurers and other creditors of the insurer and/or contravene the antitrust laws of Ukraine, and/or may lead to a deterioration in the financial condition of the insurer.

The capitalization of an insurer under the simplified procedure provides that: The Antimonopoly Committee of Ukraine provides preliminary conclusions and/or makes a decision on granting a merger clearance within 25 working days from the date of submission of the full package of documents.

In the absence of a complete package of documents attached to the application, the Antimonopoly Committee of Ukraine returns the application to the applicant within three working days from the date of its receipt. During the capitalization of the insurer in accordance with this Article, the provisions of the legislation shall not apply to: the obligation of a person who, as a result of such capitalization of the insurer, increases the amount of a significant shareholding in the insurer above the thresholds provided for by this Law and the Law of Ukraine "On Protection of Economic Competition", to obtain the approval of the Regulator to increase a significant shareholding in the insurer and the clearance from Antimonopoly Committee of Ukraine for concentration, if both of the following conditions are met

a) the acquisition of a significant interest in the insurer by such person was previously approved by the Regulator;

b) as a result of such capitalization, the size of the insurer's authorized capital remains within the maximum excess.

An insurer's merger under the simplified procedure provides that: The Antimonopoly Committee of Ukraine grants a clearance for concentration within 10 working days from the date of submission of the full package of documents.

In the absence of a complete package of documents attached to the application, the Antimonopoly Committee of Ukraine returns the application to the applicant within five working days from the date of its receipt.

If the insurer refuses to take action and/or returns the application and documents without consideration in accordance with the requirements of this Article, the insurer shall have the right to reapply to the Regulator, the National Securities and Stock Market Commission, the Antimonopoly Committee of Ukraine with a request to take the appropriate action after eliminating the reasons that served as the basis for the decision to refuse and/or return the application and documents without consideration.

Information constituting an insurance secret shall be disclosed by the insurer: at the written request of the body of the Antimonopoly Committee of Ukraine within the framework of its tasks provided for by the legislation on protection of economic

competition.

In the course of state regulation and supervision of insurance (reinsurance) activities, the Regulator: sends materials to the bodies of the Antimonopoly Committee of Ukraine in case of detection of violations of the legislation on protection of economic competition.

III. Energy sector

The Law of Ukraine No. 3141-IX as of June 10, 2023 "On Amendments to Certain Laws of Ukraine on Prevention of Abuse in Wholesale Energy Markets" amended the Law of Ukraine "On the Antimonopoly Committee of Ukraine", according to which the Antimonopoly Committee of Ukraine has the following powers in the field of monitoring compliance with the legislation on protection of economic competition:

upon applications of the National Energy and Utilities Regulatory Commission, conduct investigations to identify violations of legislation in the field of protection of economic competition in the electricity and natural gas markets.

The said Law of Ukraine also amended the Law of Ukraine "On the National Energy and Utilities Regulatory Commission". The Regulator cooperates with the Antimonopoly Committee of Ukraine, the National Securities and Stock Market Commission and financial control authorities in the process of monitoring and during the investigation of abuses in the wholesale energy market by the Regulator or other authorized body. Such interaction and cooperation should not diminish the role and limit the powers of the Regulator.

During the investigation, the Regulator has the right, in particular, to exchange information, including restricted information, with the Antimonopoly Committee of Ukraine, the Energy Community Regulatory Board, the Energy Community Secretariat, regulatory authorities of the Energy Community contracting parties, the National Securities and Stock Market Commission regarding actions that may indicate violations of the legislation on the wholesale energy market.

Any confidential information received, transmitted or exchanged in accordance with this Law shall be subject to the regime of professional secrecy established by this Article. The obligation to maintain professional secrecy shall apply to: The Chair and state commissioners of the Antimonopoly Committee of Ukraine, employees of the Antimonopoly Committee of Ukraine and its territorial offices, employees of the staff of the Antimonopoly Committee of Ukraine, other persons who work or have worked in the system of bodies of the Antimonopoly Committee of Ukraine.

• Do the rules on antitrust and State aid apply to State owned undertakings and undertakings with special or exclusive rights? If it is the case, under which conditions do they apply? Are there exceptions for undertakings entrusted with

the operation of services of general economic interest?

Ukrainian state aid and economic competition law is fully applicable to state-owned enterprises and enterprises with special or exclusive rights. The Law on State Aid also applies to enterprises entrusted with the provision of services of general economic interest. The compatibility of such aid is assessed in accordance with the criteria for assessing the compatibility of state aid to undertakings for the provision of services of general economic interest, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 12 as of 05.01.2024. These criteria are developed on the basis of and implement the provisions of Commission Decision (EU) No. 2012/21/EU of December 20, 2011.

• Are the rules on the financing of services of general economic interest in line with the acquis?

Yes, the criteria for assessing the compatibility of state aid to undertakings for the provision of services of general economic interest were approved by the Resolution of the Cabinet of Ministers of Ukraine No. 12 as of 05.01.2024. These criteria are developed on the basis of and implement the provisions of Commission Decision (EU) No. 2012/21/EU of December 20, 2011.

• Are there monopolies of a commercial character? Does the legislation ensure that there is no discrimination between nationals and foreigners regarding the conditions under which goods are produced and marketed?

Establishment and operation of commercial monopolies within the meaning of Article 37 of the Treaty establishing the European Union is not within the competence of the Antimonopoly Committee of Ukraine. At the same time, there are state monopolies of a commercial nature in Ukraine. For example, the monopoly of the national postal service operator Ukrposhta for the transportation of certain categories of mail, the monopoly of the national gas transportation system operator Ukrtransgaz for the transportation of gas through main gas pipelines, the monopoly of Ukrzaliznytsia for the operation of railway transport infrastructure.

The Law of Ukraine "On Protection of Economic Competition" defines the legal framework for supporting and protecting economic competition, restricting monopoly in economic activities and is aimed at ensuring the efficient functioning of the Ukrainian economy through the development of competitive relations.

Therefore, this Law applies equally to any relationship that affects or may affect economic competition in Ukraine.

The Committee also participates in negotiations on the development/amendment of international agreements (in particular, free trade agreements, etc.). As part of such negotiations, agreements are usually recorded on the non-discriminatory treatment of undertakings by the competition laws of the signatory states.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

Pursuant to the Law of Ukraine No. 3295-IX "On Amendments to Certain Legislative Acts of Ukraine on Improving Legislation on Protection of Economic Competition and Activities of the Antimonopoly Committee of Ukraine" adopted by the Verkhovna Rada of Ukraine on 09.08.2023 and entered into force on 01.01.2024, the Committee approved 7 orders registered at the Ministry of Justice of Ukraine.

For more details, please see paragraph 1.1 of the Guiding Questions.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ further align the legislative framework in the area of competition and State aid with the EU acquis, including by modifying the law on State aid to cover under its scope services of general economic interest (SGEIs)

On January 5, 2024, the Cabinet of Ministers of Ukraine adopted a resolution approving the criteria for assessing the compatibility of state aid to undertakings for the provision of services of general economic interest. The said criteria are developed on the basis of and implement the provisions of the Commission Decision (EU) No. 2012/21/EU of December 20, 2011.

Thus, state aid legislation in Ukraine covers and applies to services of general economic interest.

→ compile a reliable and comprehensive inventory of State aid schemes instituted before the establishment of the authority responsible for State aid control in Ukraine.

On February 13, 2023, the AMCU published on its official web portal the register of existing state aid that existed before August 02, 2017 and was assessed by the AMCU.

The register of existing state aid was sent to the EU on March 07, 2023.

On January 31, 2024, a technical call was held with the participation of representatives of the AMCU, the European Commission, the EU technical support project COMPASA and the EU Delegation to discuss the inventory. On February 13, 2024, an email was received from the European Commission with comments on the register of current state aid, as well as a template for the register.

On 29.02.2024, the AMCU received a report from the COMPASA

project on the inventory of existing state aid. A working meeting was held on 06.03.2024 with the COMPASA project manager and it was agreed to cooperate to complete the inventory.

As a result of this meeting and the processing of the COMPASA report, an additional request was sent to the COMPASA project on 15.03.2024 to organize a technical call with Project experts to discuss the inventory in detail and develop further ways to implement it. The technical call took place on 29.03.2024.

On the legislative framework, the Law on the protection of economic competition is to a large extent aligned with the EU acquis. However, certain gaps still remain. For example, that law does not clearly differentiate between economic and non-economic activities, lacks a clear de minimis rule, does not contain exemptions from the prohibition of concerted practices, and does not define the notion of «abuse» and of «dominant position».

It should be noted that Article 10 of the Law of Ukraine "On Protection of Economic Competition" provides for exceptions to concerted actions, namely "Concerted actions provided for in Article 6 of this Law may be authorized by the relevant bodies of the Antimonopoly Committee of Ukraine if their participants prove that these actions contribute to:

- improvement of production, purchase, or sale of goods;
- technical, technological, and economic development;
- development of small or medium-sized entrepreneurs;
- optimization of the export or import of goods;
- development and application of unified technical specifications or standards for goods;
- production rationalization.

The concerted actions provided for in part one of this Article **may not be permitted** by the bodies of the Antimonopoly Committee of Ukraine if **competition is significantly restricted in the entire market or in a significant part thereof**».

Articles 12 and 13 of the Law **define monopoly (dominant) position and abuse of monopoly (dominant) position in the market.**

Thus, **an undertaking holds a monopoly (dominant) position in the commodity market if:**

- it has no competitors in this market;
- it is not subject to significant competition due to limited access by other undertakings to the purchase of raw materials and supplies and the sale of goods, barriers to market access for other undertakings, the availability of privileges or other circumstances.

An undertaking with a market share of more than 35 percent shall be deemed to have a monopoly (dominant) position unless it proves that it is subject to significant competition.

An undertaking may also be recognized as monopoly (dominant) if its market share is 35 percent or less, but it is not subject to significant competition, in particular due to the relatively small size of market shares held by competitors.

Each of two or more undertakings shall be deemed to hold a monopoly (dominant) position in the market of goods if there is no or little competition between them with respect to a certain type of goods and one of the conditions provided for in part one of this Article is met.

The position of each of several undertakings shall also be considered monopoly (dominant) if the following conditions are met:

- the aggregate share of no more than three undertakings holding the largest market shares in the same market exceeds 50 percent;
- the aggregate share of no more than five undertakings holding the largest market shares in the same market exceeds 70 percent;
- and they do not prove that the conditions of part four of this Article are not met in relation to them.

Abuse of a monopoly (dominant) position in the market is the actions or inaction of an undertaking that holds a monopoly (dominant) position in the market that:

- have led or may lead to the prevention, elimination or restriction of competition,
- or infringement of the interests of other undertakings or consumers, which would be impossible in the conditions of significant competition in the market.

In particular, abuse of monopoly (dominant) position in the market is recognized as:

1) setting prices or other conditions for the purchase or sale of goods that would not have been possible to set in the presence of significant competition in the market;

2) applying different prices or different other conditions to equivalent transactions with undertakings, sellers, or buyers without objectively justified reasons;

3) making agreements conditional on the undertaking's assumption of additional obligations that are not related to the subject matter of the agreement by their nature or in accordance with trade and other fair business practices;

4) restrictions on production, markets or technical development that have caused or may cause damage to other undertakings, buyers, sellers;

5) partial or complete refusal to purchase or sell goods in the absence of

alternative sources of sale or purchase;

6) significant restriction of competitiveness of other undertakings in the market without objectively justified reasons;

7) creation of obstacles to market access (exit from the market) or elimination of sellers, buyers, and other undertakings from the market.

Abuse of a monopoly (dominant) position in the market shall be prohibited and shall be punishable by law.

For the abuse of monopoly (dominant) position, fines are imposed in the amount of up to ten percent of the undertaking's income (revenue) from the sale of products (goods, works, services) for the last reporting year preceding the year in which the fine is imposed. If the illegally obtained profit exceeds ten percent of the said income (revenue), the fine shall be imposed in an amount not exceeding three times the amount of the illegally obtained profit.

For more details on the English version of the Ukrainian legislation on protection of economic competition, please follow the link: <https://amcu.gov.ua/en/legislation>

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 2: Internal Market

CHAPTER 9 – Financial Services

ЕШУА

УКРАЇНА

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ЄВРОПА

I. BANKS AND FINANCIAL CONGLOMERATES

A. General questions

● *What is the situation with regard to the right of establishment and cross-border supplies of services in your country for EU credit institutions? Which conditions apply? Are there specific conditions regarding the opening of branches by foreign banks? Regarding the establishment of a foreign subsidiary?*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

Additionally

As of 8 April 2024, 63 banks operate in Ukraine, including 26 banks with foreign capital (19 of which are from EU countries) and 12 banks out of all banks that operate in Ukraine belong to foreign banking groups from EU countries.

Regarding public sector banks, as of the reporting date, the following state-owned banks operate in Ukraine:

Oschadbank JSC, Ukreximbank JSC, PrivatBank JSC, Sense Bank JSC, UKRGASBANK JSB, "FIRST INVESTMENT BANK" JSC.

PrivatBank JSC, Ukreximbank JSC, Oschadbank JSC and Sense Bank JSC are banks with 100 percent of the authorized capital of the state.

In UKRGAZBANK JSC, 94.94 percent of the authorized capital belongs to the state represented by the Ministry of Finance of Ukraine.

According to the ownership structure of "FIRST INVESTMENT BANK" JSC as of the reporting date, the owner of a qualifying holding in the bank is the State of Ukraine represented by the State Property Fund of Ukraine, which owns 88.890583% of the bank's shares based on the decision of the High Anti-Corruption Court dated 27 February 2023.

In connection with the introduction of martial law, on May 7, 2022, the Cabinet of Ministers of Ukraine approved the Main (strategic) directions of activity of state sector banks for the period of martial law and post-war economic recovery.

Public sector banks are included in the list of critical infrastructure objects in the banking system of Ukraine and the list of authorized banks of Ukraine involved in work (implementation of operations) during of a special period.

Therefore, special importance for the economy and security of the state in the war and post-war periods is attached to the further stable functioning of public sector banks, which ensure the stability of the banking system.

The main directions for all public sector banks are that during the period of martial law and post-war economic recovery, their mission is to actively participate

in ensuring the financial stability of Ukraine, support and stability of the functioning of the banking sector, and ensure the financing of priority sectors of the economy and the uninterrupted functioning of enterprises (objects) of critical infrastructure, including those owned by the state.

At the same time, during the period of martial law, increased requirements for the level and quality of corporate governance are applied to public sector banks.

In order to ensure monitoring, neutralization and early response to risks and/or threats to the financial security of Ukraine in the activities of public sector banks, banks provide the Ministry of Finance weekly with information on key indicators characterizing existing/potential risks and/or threats to the financial stability of such banks, as well as indicators execution (implementation) of state programs by public sector banks.

The main directions are valid for the period of martial law and the post-war period, but not longer than six months after the termination or abolition of martial law or the state of war. Within six months after the termination or abolition of martial law or a state of war, the Ministry of Finance together with state sector banks must ensure the preparation and submission to the bank's top management body of the updated main directions (strategic principles) of the activities of state sector banks and, accordingly, updated own development strategies of state banks sector.

In order to improve the corporate governance system, was conducted a competitive selection of candidates for the positions of independent members of the supervisory boards of state-owned banks.

By Order of the Cabinet of Ministers of Ukraine No. 474-r dated March 30, 2023 (with changes by the Order of the Cabinet of Ministers of Ukraine dated December 5, 2023 No. 1113-r), Sylvia Yuma Hansser-Potts, Razvan Munteanu, Robert S. Kossmann, Nick Tesseiman, Dominika Menu, Fital Rostyslav Bogdanovych were appointed as members of the Supervisory Board of Ukreximbank JSC as independent members.

Representatives of the state to the supervisory board of Ukreximbank JSC were appointed by order of the Cabinet of Ministers of Ukraine dated August 4, 2023 No. 676. Oleksandr Bevz as a state representative from the Committee of the Verkhovna Rada of Ukraine on Finance, Tax and Customs Policy, Victoria Strahova as a state representative from the President of Ukraine, Yuriy Butsa as a state representative from the Cabinet of Ministers of Ukraine.

By Order of the Cabinet of Ministers of Ukraine No. 343-r dated 21 April, 2023, appointed Juan Enrique Perez Calot, Michal Krupinski, Elizabeth Nelson, Philip Heasley, Volodymyr Lavrenchuk, Anton Pyatigin as independent members of the Supervisory Board of Oschadbank JSC.

By Order of the Cabinet of Ministers of Ukraine No. 1042 dated November 17, 2023 representatives of the state were appointed to the supervisory board of Oschadbank JSC Oleksandr Rodnyanskyi as a representative of the state on behalf of the President of Ukraine; Roza Tapanova as a state representative from the

Cabinet of Ministers of Ukraine; Yulia Pashko as a state representative from the Committee of the Verkhovna Rada of Ukraine on Finance, Tax and Customs Policy.

By order of the Cabinet of Ministers of Ukraine No. 1206 dated December 27, 2022, Nils Melngailis, Zbigniew Yagailo, Nadir Sheik, Volodymyr Lytvyn, Mihai Ionescu, and Federico Russo were appointed as members of the Supervisory Board of PrivatBank JSC as independent members.

By order of the Cabinet of Ministers of Ukraine No. 186-r dated March 3, 2023, Yulia Metzger, as a representative of the state from the President of Ukraine, and Artem Shevalov, as a representative of the state from the Cabinet of Ministers of Ukraine, were appointed for a second term as members of the supervisory board of PrivatBank JSC.

By order of the Cabinet of Ministers of Ukraine No. 76-r dated January 27, 2023 (as amended in accordance with the order of the Cabinet of Ministers of Ukraine dated June 27, 2023 No. 572-r), the composition of the independent members of the supervisory board of UKRGAZBANK JSC, who were determined to be the winners based on the results, was approved competitive selection, namely: Per Anders Fast, Sanela Pasich, Enrika Rimoldi, Yurii Blaschuk, Irakli Elashvili.

Also, based on the decision of the general meeting of shareholders of UKRGAZBANK JSC dated November 6, 2023 (protocol No. 3), representatives of the state, Maryna Lazebna and Yana Bugrimova, were appointed as members of the supervisory board of UKRGAZBANK JSC.

On July 21, 2023, the Cabinet of Ministers of Ukraine adopted Resolution No. 739 *On the participation of the state in the withdrawal of a systemically important bank from the market* regarding the participation of the state, represented by the Ministry of Finance of Ukraine, in the withdrawal of the systemically important bank Sense Bank JSC from the market.

The resolution was adopted on the basis of the proposal of the National Bank of Ukraine on the participation of the state in the withdrawal of the systemically important bank Sense Bank JSC from the market and the decision of the National Bank on the withdrawal of the systemically important bank Sense Bank JSC from the market on the grounds specified by the Law of Ukraine *On Banks and Banking* (which occurred during the armed aggression against Ukraine, namely: the application of international sanctions and sanctions in accordance with the Law of Ukraine *On Sanctions*, which poses a threat to the interests of depositors or other creditors of the systemically important bank Sense Bank JSC and, accordingly, the stability of the banking system due to deprivation/restriction of the right of the person to whom the sanction has been applied to dispose of assets.)

On July 22, 2023, the Ministry of Finance of Ukraine and the Deposit Guarantee Fund of Individuals signed an agreement for the purchase and sale of 100% of the shares of the systemically important Sense Bank JSC, according to which the bank became state property.

The Ministry of Finance of Ukraine has been designated as the authority for managing corporate rights for shares of Sense Bank JSC, which are owned by the state.

According to Article 7 of the Law of Ukraine *On Banks and Banking*, in the event that the state acquires ownership of 100 percent of the bank's shares, the provisions of this article begin to apply to such a bank one year after the state acquires ownership of 100 percent of the bank's shares.

By the decision of the Executive Directorate of the Individual Deposit Guarantee Fund of 22.07.2023 No. 883 *On the appointment of managers of Sense Bank JSC*, the chairman of the Board of Sense Bank JSC, the deputy chairman of the Board, 3 members of the Board, 5 members of the Supervisory Board were appointed from 23.07.2023, namely: Ajuner Shevki (Chairman of the Supervisory Board), Andriy Svystun (Deputy Chairman of the Supervisory Council, representative of the State of Ukraine), Rostyslav Duke, Andriy Pronchenko, Vladyslav Vlasyuk (Representative of the State of Ukraine).

According to the Law *On Households Deposit Guarantee Scheme*, branches of foreign banks in Ukraine are not included in the deposit guarantee system.

• ***Are foreign credit institutions, once authorised, treated in every respect as a domestic undertaking?***

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

B. Legal framework

• ***Which authorities are responsible on banks and financial conglomerates in your country?***

Article 1 of Law of Ukraine No. 1953-IX *On Financial Services and Financial Companies* dated 14 December 2021 (came into force on 01 January 2024) defines the term *financial group* to include both a banking and non-bank financial group, and provides a definition of a *non-bank financial group*:

financial group means banking group, non-bank financial group

nonbank financial group means a group of legal entities that have a common controller (other than a bank), consisting of two or more financial institutions, in which activities of financial institutions other than a bank prevail.

In accordance with Article 26 of the Law of Ukraine *On Financial Services and Financial Companies*:

1) The NBU conducts consolidated supervision of financial groups where the predominant activity is carried out by financial institutions regulated and supervised by the NBU.

2) The NSSMC conducts consolidated supervision of financial groups where the predominant activity is carried out by financial institutions regulated and supervised by the NSSMC.

Conditions of admission

• *What are the essential requirements for the authorisation to take up the business of credit institutions (legal form, level of own funds, minimum number of shareholders, conditions concerning the management body and internal governance, others?)*

In addition to the information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package

Regarding Banks

The Board of the National Bank of Ukraine approved a new version of the Regulation *On Bank's Remuneration Policy* (Resolution of the NBU Board No. 189 dated 27 December 2023) to better comply with EU standards. The new version of the regulation introduced requirements for a remuneration structure compliant with the principles of ensuring a bank's sustainable development, the achievement of its strategic goals, and the operation of a comprehensive, adequate, and effective risk management system, while avoiding taking on excessive, unjustified risks that exceed a level acceptable for the bank, and for ensuring there is accountability if such risks are taken on.

The revised Regulation:

introduces the criteria for classifying bank employees as staff whose professional activities have a material impact on a bank's risk profile

limiting the amount of the variable remuneration component to 100% of the fixed remuneration component

provides for paying at least 50% of variable remuneration in the form of non-monetary remuneration (bank shares and financial instruments related to the bank's equity instruments, instruments with write-off/conversion terms, and subordinated debt)

defers at least 40% of the variable remuneration component over a period that is not less than four years. In the case of a variable remuneration component being of a particularly high amount, at least 60% of the amount has to be deferred.

Regarding Credit unions

As part of negotiations on updating Appendix XVII–2 of Annex XVII of the Association Agreement between the European Union and the European Atomic Energy Community and their member states, of the one part, and Ukraine, of the other part, the Ukrainian side proposed to exclude credit unions in Ukraine from the scope of Directive 2013/36/EU. This proposal was preliminarily agreed upon by the

European side during the meeting of the Ukraine-EU Association Committee in its trade composition (28–29 September 2017).

At the same time, the NBU has worked to improve legislation to ensure proper regulation of credit unions at the national level.

On 14 July 2023, the Verkhovna Rada of Ukraine adopted Law of Ukraine No. 3254-IX *On Credit Unions*, which came into force on 01 January 2024. The Law updates regulatory approaches governing the establishment, operation, and supervision of credit unions, aligning them with the best international practices. To implement the requirements of the new Law of Ukraine *On Credit Unions*, the NBU enacted key regulations that set requirements for capital and other prudential standards for credit unions, internal control systems, internal audit risk management, and corporate governance in credit unions:

Regulation *On the Specifics of the Activities of United Credit Unions*, approved by NBU Board Resolution No. 206 dated 29 December 2023

Regulation *On Identification of Related Parties of Credit Unions*, approved by NBU Board Resolution No. 5 dated 11 January 2024

Regulation *On Procedure for Regulation of Credit Union Activities in Ukraine*, approved by NBU Board Resolution No. 14 dated 2 February 2024

Regulation *On Requirements for the Governance Framework of a Credit Union*, approved by NBU Board Resolution No. 15 dated 2 February 2024

Regulation *On Reorganization and Liquidation of a Credit Union by Decision of the General Meeting of Credit Union Members*, approved by NBU Board Resolution No. 16 dated 2 February 2024

The NBU has also updated the procedures for authorization, off-site supervision, inspection, enforcement, corrective action, early intervention, and appointment of temporary administration:

Regulation *On Off-Site Supervision of Financial and Ancillary Services*, approved by NBU Board Resolution No. 162 dated 14 December 2023

Regulation *On Organizing and Conducting Inspections on Nonbank Financial Services Markets*, approved by NBU Board Resolution No. 167 dated 20 December 2023

Regulation *On Procedure for Appointing, Implementing, and Terminating Temporary Administration at Insurers and Credit Unions*, approved by NBU Board Resolution No. 178 dated 23 December 2023

Regulation *On Application by the NBU of Corrective Actions, Early Intervention Measures, Enforcement Measures in the State Regulation of Activities in the Nonbank Financial Services Markets*, approved by NBU Board Resolution No. 183 dated 25 December 2023

Regulation On Authorization of Financial Services Providers and Requirements for Providing Financial Services approved by NBU Board Resolution No. 199 dated 29 December 2023.

According to the first part of Article 3 of the Law *On Households Deposit Guarantee Scheme*, the DGF is an institution that performs special functions in the field of guaranteeing deposits of households and removing banks from the market, and liquidating banks in the cases established by this Law.

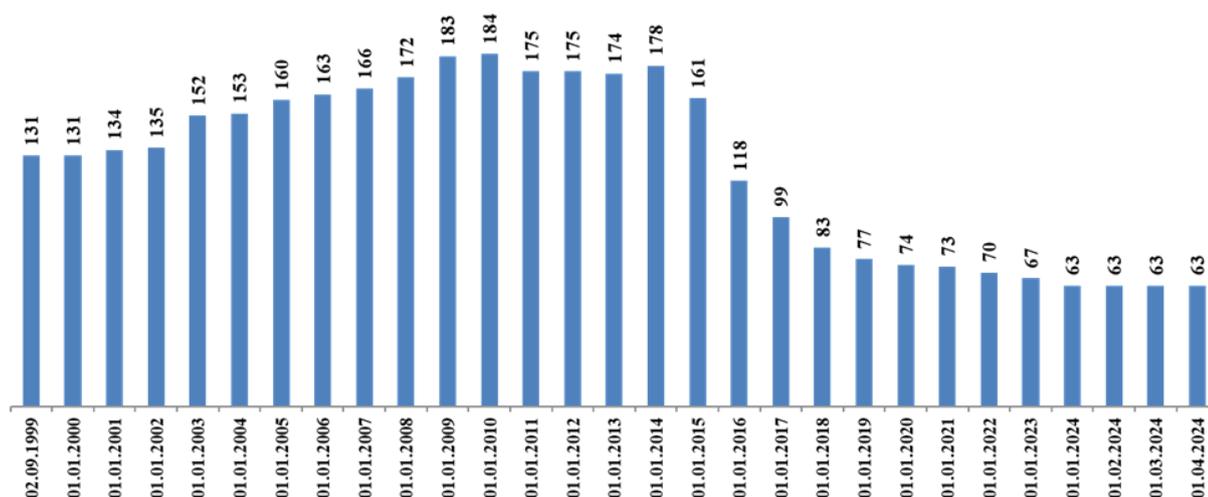
Conditions of operation

• *Is there a deposit guarantee scheme? Describe its main elements.*

No relevant developments during the reporting period. However, statistical information needs to be updated (Table 1. Dynamics of participation in DGF and Table 2. Formation of the DGF’s financial resources).

Today, the number of DGF participants is 63 in total.

Table 1. Dynamics of participation in DGF in 1999–2024



The DGF may be funded from other sources not prohibited by the legislation of Ukraine.

The funding sources of the DGF are shown in Table 2.

Table 2. Formation of the DGF’s financial resources in 2023 and 2024

UAH mln

Funding source of the DGF	2024	2023
Regular contributions	2 066	7 565
Income from investments in government securities	1 033	2 661

Interest income on the outstanding balance of the DGF's account with the NBU	22	96
Repayment of domestic government bonds	5 096	12 701
Funds obtained from implementation of measures envisaged by the resolution plan	443	2 872
Funds received from banks, the procedure of temporary administration or liquidation of which is carried out by the DGF, within the limits of the approved cost estimates, to reimburse the costs incurred by the Fund to withdraw them from the market	0	69
Other income, including:	1	30
<i>return of the court fee</i>	0	28
<i>other income</i>	1	2

The DGF's financial stability indicators as of 31 December 2021 and its estimated stability over the next 12 months are presented in Table 3.

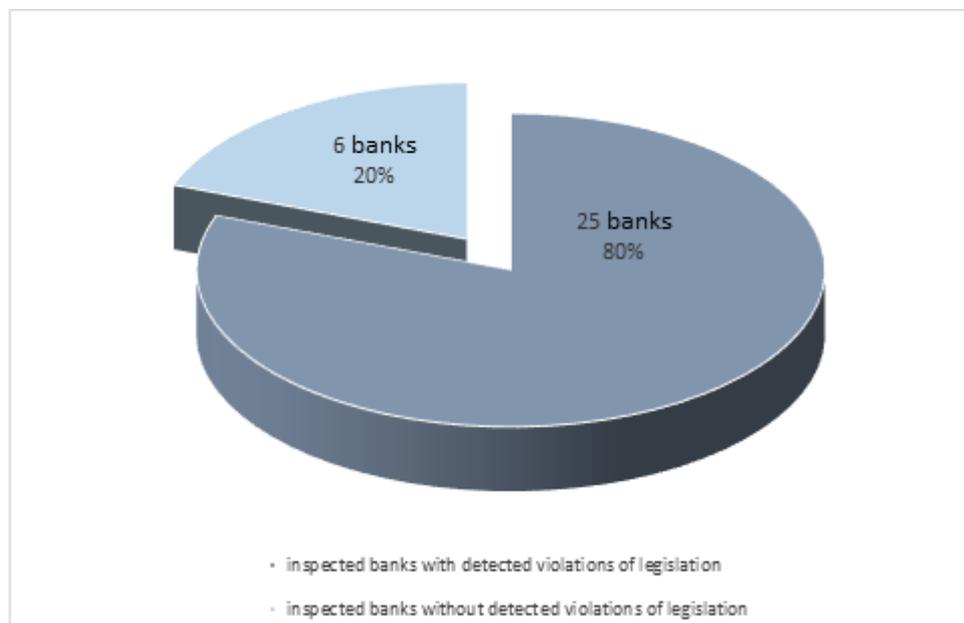
Information as of	DGF's financial stability (FS=OF/GDR), %	Deposits reimbursements guaranteed by the DGF (GDR), UAH mln	DGF's OWN FUNDS (OF), UAH mln
01.01.2023	1.78	1 020 534	18 716
01.04.2023	1,83	1 060 815	19 462
01.07.2023	2,17	1 096 120	23 801
01.10.2023	2,32	1 137 017	26 435
01.01.2024	2,41	1 232 105	29 721

The total guaranteed amount of compensation paid in 2023 at the expense of the DGF is UAH 3.1 billion. The biggest share of payments is observed in categories of deposits from UAH 10,000 to UAH 100,000 (25%) and from UAH 100,000 to UAH 200,000 (33%).

The biggest share of payments is observed in the categories of deposits from UAH 1,000 to UAH 10,000 (28.3%) and from UAH 10,000 to UAH 100,000 (28.2%).

The total guaranteed amount of compensation paid during 2024 (as of April 1, 2024) at the expense of DGF funds is UAH 55.5 million.

During 2023, 31 banks were inspected, of which 6 DGF participants were found to have violated the Fund's regulatory and legal acts. Figure 1 shows the number of inspections carried out in 2023.



- ***What are the activities which a credit institution is authorised to carry on?***

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant

- ***Which accounting prudential and statistical information is the bank required to give to the supervisory authority in respect of its business? Please indicate periodicity of such information. Are there any sanctions for delays or failures to submit such information in time?***

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant

- ***Is there a specific regulation concerning the annual accounts and consolidated accounts of banks? Explain the main rules applying to the format of the balance sheet and to the publication of the annual accounts.***

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant

- ***How are capital requirements determined? Can banks use their own models for determining risk and regulatory capital?***

In addition to the information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package

For better compliance with the requirements of EU law, the NBU has developed draft legislative initiatives on the bank's capital structure, including amendments to Article 30 of the Law of Ukraine *On Banks and Banking*. Said legal amendments approved by the Verkhovna Rada of Ukraine (Law of Ukraine No. 3498-IX *On Amendments to Certain Laws of Ukraine Regarding the Improvement of the Functions of the State Regulation of Financial Services Markets* came into effect on 24 December 2023) vested legal powers to the NBU to grant permits/approvals for banks to include capital components in the capital.

In 2023, the NBU, in close cooperation with World Bank experts, developed a number of draft regulations. As a result of this cooperation, the NBU Board approved regulations on the new capital structure of banks (NBU Board Resolution No. 196 *On the Procedure for Determining the Minimum Regulatory Capital by Ukrainian Banks* dated 28 December 2023) and on the introduction of prudential liquidity ratios on a consolidated basis (NBU Board Resolution No. 2 *On Approval of Amendments to Certain Regulatory Documents of the National Bank of Ukraine* dated 5 January 2024).

Regulation No. 196 introduced as follows:

procedure for calculating common equity Tier 1 capital, additional Tier 1 capital, Tier 2 capital, their components and deductions

requirements for the components forming the capital

procedure and conditions for obtaining the NBU's permission/approval for the inclusion of certain components in the capital, etc.

Resolution No. 2 introduced prudential liquidity ratios on a consolidated basis: the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR).

With the World Bank's technical assistance, the NBU continues to work on draft regulations to improve the capital adequacy requirements for banks, in particular, to expand the list and improve approaches to assessing the components of aggregate exposure, including updating the approaches to weighting assets by credit risk using the Credit Risk Standardized Approach (SA-CR), requirements for credit risk mitigation (CRM), as well as the introduction of requirements for counterparty credit risk (CCR), credit valuation adjustment risk (CVA) and settlement risk (SR), the introduction of a leverage ratio (LR), the introduction of a large exposure limit (LEX), and disclosure requirements (Pillar III).

• *Is there a regulation concerning the capital adequacy relating to risks other than credit risks?*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant

● ***Is there a regulation concerning the large exposures? Describe its main elements***

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant

● ***Is there a regulation concerning the supervision on a consolidated basis? Describe its main elements. Are there plans to change the regulation? If so, please outline main changes, desired outcomes and a tentative timeline.***

Regarding consolidated supervision of nonbank financial groups

Laws of Ukraine *On Financial Services and Financial Companies* No. 1953-IX dated 14 December 2021 (Law No. 1953-IX) and *On Insurance* No. 1909-IX dated 18 November 2021 entered into effect on 1 January 2024 and prescribe harmonized provisions on consolidated supervision of financial groups.

In line with Section VII paragraph 30 of Law No. 1953-IX, the NBU was recommended to bring its regulations in line with Law No. 1953-IX and adopt regulations necessary for its implementation before it enters into effect.

In particular, Article 23 of Law No. 1953-IX provides that by assessing, monitoring, and controlling financial group risks, the regulator conducts consolidated supervision, meaning that supervision is carried out over financial groups in order to control and limit the risks to which a financial institution is exposed as a result of participation in a financial group.

Article 22 part three paragraph 4 of Law No. 1953-IX provides that the Regulators (the NBU and the National Securities and Stock Market Commission) conduct consolidated supervision of financial groups in accordance with Article 26 of this Law, initiate before another Regulator, inspections or the application of corrective measures, early intervention measures, or enforcement measures to providers of financial or ancillary services that are participants of the financial group but belong to financial institutions, the state regulation and supervision of which is carried out by another regulator, and also exchange information regarding participants of such groups according to their regulations in a manner determined by them.

For the purpose of Law No. 1953-IX, the NBU Board adopted Resolution No. 202 dated 29 December 2023 approving the Regulation *On Consolidated Supervision over Nonbank Financial Groups* (Regulation No. 202) that entered into effect on 1 January 2024. The previous Regulation *On the Procedure for the Supervision of Nonbank Financial Groups on a Consolidated Basis* approved by NBU Board Resolution No. 128 dated 2 December 2021 was nullified.

Revised Regulation No. 202 prescribes as follows:

the procedure of identification, recognition and derecognition of nonbank financial groups by the NBU

criteria for recognizing subgroups within a nonbank financial group

requirements to and the NBU's approval procedure for an authorized person of a nonbank financial group

attributes that may indicate control relationship between financial institutions, supporting service institutions or a joint controller as well as conditions for assigning such attributes

requirements to the corporate governance system, the internal control system, and the risk management system of a nonbank financial group

requirements to compliance with prudential standards and other requirements set by Ukrainian law

requirements to preparing and procedure for submitting the consolidated and sub-consolidated financial statements, and information on operations of a nonbank financial group

extensively revised contents and form of consolidated financial statements of a nonbank financial group and clarifications on the submission frequency.

Considering that Law No. 1953-IX and Law of Ukraine *On Insurance* No. 1909-IX dated 18 November 2021 defined financial groups as a separate supervised entity, specifics of off-site supervision and inspections of nonbank financial groups are regulated by Regulation *On the Off-Site Supervision of the Provision of Financial and Ancillary Services* (approved by Resolution No. 162 dated 14 December 2023) and Regulation *On Organizing and Conducting Inspections on Nonbank Financial Services Markets* (approved by NBU Board Resolution No. 167 dated 20 December 2023). Said Regulations entered into effect on 1 January 2024.

Previous Regulation *On the Off-Site Supervision of the Provision of Financial and Ancillary Services* No. 169 dated 28 December 2020 and Regulation *On Organizing and Conducting Inspections on Nonbank Financial Services Markets*, approved by NBU Board Resolution No. 22 dated 26 February 2021, were declared void.

Furthermore, the NBU Board adopted Resolution No. 194 dated 27 December 2023 that approves Regulation *On Requirements to Insurer's Management System* that sets requirements to organizing and operation of an effective management system of an insurer with consideration of operations of its financial group.

Other information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

● *Are the institutions issuing electronic money regulated? If so, in which way?*

Operations of e-money issuers is regulated by the Law of Ukraine *On Payment Services and Regulation On Issuing and Executing Transactions with E-Money* approved by NBU Board Resolution No. 210 dated 29 September 2022 (Resolution No. 210).

In line with Article 57 of the Law of Ukraine *On Payment Services* (effective as of 1 August 2022), only the following entities are authorized to issue e-money:

- 1) banks
- 2) electronic money institutions
- 3) branches of foreign payment institutions
- 4) postal operators
- 5) National Bank of Ukraine
- 6) government authorities and local self-governments.

Regulation No. 210:

prescribes the procedure for services of e-money issue and e-money payment transaction, including opening and servicing e-wallets by e-money issuers

prescribes requirements to e-money issuers and their commercial agents

prescribes restrictions for using e-money

specifics of executing e-money payment transactions.

In order to acquire the status of the electronic money issuer and the powers to issue and execute e-money transactions, including opening and servicing e-purses, an entity (save for the NBU, banks, government authorities, local self-governments) should receive a license to provide financial payment services according to the procedure set out in the Law and NBU regulations.

An e-money issuer is authorized to commence operation with e-money as prescribed by the license to provide financial payment services after the data of the e-money issuer was recorded in the Payment Infrastructure Register (listing the authorized types of operations) according to the procedure set out in the Law and NBU regulations.

In accordance with Article 82 of the Law of Ukraine *On Payment Services*, electronic-money issuers are subject to the NBU's electronic-money oversight. In order to perform the oversight function prescribed by the Law, the NBU is authorized to receive from the overseen entities, including the nonresident ones, on a free-of-charge basis the information about their operation, in particular the statistical reporting data.

The payment infrastructure oversight procedure is set out in the Regulation *On the Oversight of Payment Infrastructure in Ukraine* approved by NBU Board Resolution No. 187 dated 24 August 2022.

The Rules for Statistical Reporting to be Submitted to the NBU as amended (approved by NBU Board Resolution No. 120 dated 13 November 2018) prescribe submission of the statistical report “Data on e-money issuance and transactions” for e-money issuers to the NBU.

Supervisory authorities

• *Which is the competent authority to grant a license to a credit institution and to supervise it? Has this authority other functions? Please provide information on the number, importance and outcome of investigation carried out by the supervisory authority over the last five years.*

Regarding inspections of banks

In 2023 and Q1 2024, the NBU continued to implement a risk-based approach for onsite supervision of banks.

During 2023, the NBU conducted 32 unscheduled inspections of banks, including 20 inspections dedicated to assessing the asset quality and collateral eligibility for lending operations (the first stage of resilience assessment).

The main directions of unscheduled inspections in 2023 were as follows:

assessment of the banks’ resilience in accordance with *Rules for Assessing Resilience of Banks and Banking System of Ukraine* in 2023 approved by NBU Board Resolution No. 56 dated 25 April 2023

banks' compliance with the requirements of NBU Board Resolution No. 18 *On Operation of Banking System Under Martial Law* dated 24 February 2022

assessment of level and efficiency of corporate governance and internal controls in a bank

assessment of risk management system.

In Q4 2023, the NBU resumed scheduled inspections of banks.

According to the Inspection Plan for Banks in Q4 2023 and Q1 2024, 14 scheduled inspections were started / conducted.

Inspections⁵⁷

	Q 1 2023	Q 2 2023	Q 3 2023	Q 4 2023	Q 1 2024	Tota l
Banks	8	8	14	10	6	46

⁵⁷ inspection is accounted for in the quarter in which it has started.

- <i>Scheduled</i>	-	-	-	8	6	14
- <i>Unscheduled</i>	8	8	14	2	-	32

The supervisory actions based on inspection findings were focused on offering constructive and effective recommendations in order to avoid repeated violations and to eliminate vulnerabilities in banks' activities, based on best practices and professional judgement.

In 2023 and in Q1 2024, based on the results of inspections, some banks were subject to enforcement measures due to violations of legislation, in particular:

Type of enforcement measure	Number ⁵⁸	
	2023	Q1 2024
written warning	21	5
fine imposed on bank	22	3
restrictions on certain types of operations	3	-

Regarding inspections of nonbank financial institutions

Exercising its function of carrying out inspections to supervise the nonbank financial services market, the NBU in 2023 conducted 14 unscheduled inspections of nonbank financial services market participants.

The NBU started scheduled inspections in 3Q 2023 in accordance with the Inspection Plan for Nonbank Financial Services Market Participants for 2023. In Q3 and Q4 2023, 10 scheduled inspections were started / conducted.

The NBU started six scheduled inspections in Q1 2024, in accordance with the Inspection Plan for Nonbank Financial Services Market Participants for 2024.

⁵⁸ information on the enforcement measures is indicated in accordance with the year in which it was applied.

Inspections⁵⁹

Type of nonbank financial services market participant	Q 1 2023	Q 2 2023	Q 3 2023	Q 4 2023	Q 1 2024	Total
<i>Unscheduled</i>						
<i>inspections</i>						<i>14</i>
Insurance companies	1	1	3	1	-	6
Finance companies	3	3	-	2	-	8
<i>Scheduled</i>						
<i>inspections</i>						<i>16</i>
Insurance companies	-	-	4	3	2	9
Credit unions	-	-	2	-	-	2
Lessors	-	-	1	-	-	1
Finance companies	-	-	-	-	4	4

Also, in 2024, the NBU started to inspect payment service providers. According to the Inspection Plan for Nonbank Payment Service Providers and Providers of Limited Payment Services for 2024, the NBU conducted an inspection of one nonbank payment service provider in Q1 2024.

In 2023 and in Q1 2024, based on the results of inspections, some nonbank financial institutions were subject to enforcement measures due to violations of legislation, in particular:

⁵⁹ inspection is accounted for in the quarter in which it has started.

Type of enforcement measure	Number ⁶⁰	
	2023	Q1 2024
revocation of license for providing financial services	10 (4 insurance companies, 6 finance companies)	1 (insurance company)
temporary suspension of license for providing financial services	3 (2 credit unions, 1 finance company)	-
obligation to take actions to eliminate the violation and its causes	5 (3 insurance companies, 2 credit unions)	2 (1 insurance company, 1 finance company)
warning	4 (2 credit unions, 2 finance companies)	-
penalty for violation of regulations on provision of nonbank financial services	10 (6 insurance companies, 4 finance companies)	-
penalty for violation of Ukrainian laws on consumer protection in financial services	4 (1 insurance company, 3 finance companies)	1 (finance company)

⁶⁰ information on the enforcement measures is indicated in accordance with the year in which it was applied.

The main reasons for imposing the enforcement measure of revoking (cancelling) or suspending a license for providing financial services were as follows:

violation of laws on operation of financial services market participants

violation of laws on consumer rights protection

discovery of risky activities of a nonbank financial institution that compromises the interests of insurers and/or other creditors of this institution

a nonbank financial institution refuses to be inspected, in particular, absence during the first day of inspection of a person authorized to represent the interests of nonbank financial institution at the time of inspection, and failure to provide documents and information on the subject of inspection.

• *How is the operational independence of the supervisory authority ensured, in line with international standards (Basel Committee, the International Organisation of Securities Commissions (IOSCO) and the International Association of Insurance Supervisors (IAIS) core principles)?*

In view of the implementation Laws of Ukraine *On Financial Services and Financial Companies* No. 1953-IX dated 14 December 2021 (Law No. 1953-IX) and *On Insurance* No. 1909-IX dated 18 November 2021 entered into effect on 1 January 2024 below is updated information provided by Ukraine as part of the EU membership Questionnaire regarding principal of the confidentiality.

Confidentiality – The NBU, while supervising the financial market, shall ensure information confidentiality under the Law *On banks and banking* (Article 61), the Law *On Financial Services and Financial Companies* (Article 11) and share information with relevant supervisory authorities of other states in accordance with memoranda of cooperation (part eight of the Article 23 of the *On Financial Services and Financial Companies*, part eight of Article 114 of the Law *On Insurance*, Article 67 of the Law *On banks and banking*).

• *Are professionals employed by the supervisory authority subject to limitations (time or other) regarding the possibility to be employed as senior staff in commercial banks? Please explain.*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

• *Does the supervisory authority have institutional cooperation with other domestic supervisory authorities and with home supervisory authorities of foreign banks present in the market?*

In view of the implementation of the Law No. 1953-IX *On Financial Services and Financial Companies* dated 1 January 2024, below is updated information on cooperation and coordination of the NBU and NSSMC.

Article 22 of the Law No. 1953-IX *On Financial Services and Financial Companies*, Regulators (the NBU, NSSMC) shall ensure their cooperation pursuant to the provisions of this Law and special laws, in particular they shall:

1) inform each other in a timely manner about observations and conclusions, as well as exchange information on the implementation of state regulation and supervision necessary for implementation of the powers vested in them

2) have the right to obtain information necessary for the Regulator to exercise its statutory powers from each other's databases maintained for the purpose of state regulation and supervision of financial and ancillary services

3) hold operational joint meetings at the request of one of the heads of these bodies, which result in the drafting of relevant protocols and/or the conclusion of interagency agreements. The decisions contained in the said protocols and agreements shall be binding for consideration and implementation by each Regulator in accordance with the distribution of powers established by the Law.

4) cooperate to ensure the consumer rights protection, including sharing the information of consumer complaints, offences at the financial services market, and perpetrators.

5) shall conduct consolidated supervision of financial groups in accordance with Article 26 of this Law, initiate before other Regulator inspections or the application of corrective measures, early intervention measures, or enforcement measures to providers of financial or ancillary services that are participants of the financial group but belong to financial institutions, the state regulation and supervision of which is carried out by another regulator, and also exchange information regarding participants of such groups according to their regulatory acts in a manner determined by them.

The regulators also cooperate with the Antimonopoly Committee of Ukraine to create a proper competitive environment in the financial services market and prevent monopolization.

Pursuant to Article 12 of the Law No. 1953-IX *On Financial Services and Financial Companies*, in accordance with an international treaty of Ukraine or under the principle of reciprocity, the Regulator shall have the right to provide the information obtained in the course of supervision of the activities of a financial services provider and/or intermediary, to the respective regulatory/supervisory authority of another country and to receive such information from similar authority of another country. The regulator has the right to disclose information constituting financial service secrecy, received by it from a regulatory and/or supervisory body of a foreign state, only with the consent of such a body, unless otherwise stipulated by an international agreement and/or special law.

• *What specific measures have been taken in order to improve the evaluation of credit risk and the quality of the loans' portfolios? Are international standards*

in relation to the recognition of bad debts and provisioning in place?

• *What powers does the supervisory authority possess in order to require supplementary periodical information? Can the authority carry out on-the-spot verification?*

• *How can the supervisory authority ensure that board members, managers and directors act in a fit and proper way? Can it intervene directly if they do not?*

• *What are the powers of intervention of the supervisory authority in case of undertakings in difficulties? Under what circumstances may the authorisation of a credit institution be withdrawn?*

The information (q.18-21) provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

Recovery and resolution

• *Does your country have a special pre-insolvency, early intervention or resolution system for banks? What are the conditions for this regime to apply? What are the powers of the authorities? If applicable, please provide an overview of the current and planned legislation regarding bank resolution and bank insolvency procedures.*

The information was provided by Ukraine as part of the EU membership Questionnaire. There are no legislative changes in this regard.

• *Has a national resolution authority been set up? If not, is there an intention to create such an authority?*

The information was provided by Ukraine as part of the EU membership Questionnaire. There are no legislative changes in this regard.

• *Has the Deposit Guarantee Scheme (DGS), if any, been used in the past in order to facilitate proceedings around the failure of a bank?*

In addition to the information provided by Ukraine as part of the EU membership Questionnaire

Ukraine does not have resolution fund, but the DGF's funds may be used to finance the banks' resolution, but this financing can't exceed the amount of covered deposits. For example, the DGF has implemented five P&A agreements, two of which were executed with the financial support to the receiving banks by funding the difference between the asset value of the insolvent bank and the covered deposits from DGS.

As of 1 April 2024, the DGF has paid a total of UAH 104.6 billion pay-outs to depositors.

II. INSURANCE AND OCCUPATIONAL PENSIONS

A. General questions

• *What is the situation with regard to right of establishment and cross-border supplies of services in your country for EU insurance companies? Which conditions apply?*

Insurance market

As of 31 March 2024, 101 insurance companies (89 non-life and 12 life) were registered in the State Register of Financial Institutions.

	Number of participants			Assets, UAH millions		
	01.01.2023	01.01.2024	Change over the year, %	01.01.2023	01.01.2024	Change over the year, %
Total number of insurers, of which:	128	101	-21%	70,300	74,300	+6%
nonlife insurers	116	89	-23%	49,700	47,300	-5%
life insurance companies	12	12	0%	20,600	24,100	+17%
Export Credit Agency (insurer with a special status)	-	1	-	1793	2900	+62%

In 2023, 27 insurance companies (21%) left the insurance market. An important event for the market was the inclusion in the State Financial Institutions Register of EXPORT CREDIT AGENCY PJSC, a resident insurer with a special status operating in accordance with the Law of Ukraine *On Financial Mechanisms for Stimulating Exports*. The institution was established to stimulate exports of goods (works, services) of Ukrainian origin by providing insurance, reinsurance, and guarantees under contracts that promote the development of exports. The sole shareholder of the institution is the state represented by the Cabinet of Ministers of Ukraine.

Insurers exited the market either voluntarily or as a consequence of corrective measures applied by the NBU due to the insurers' failure to meet the required prudential ratios or the nontransparent ownership structure. This trend may persist, as more companies are either winding down their operations in the market, inactive, or failing to meet prudential and licensing requirements.

Although the number of insurers is decreasing, data from 2023 indicate that the volume of relevant assets and the amount of accumulated insurance reserves have increased compared to 2022. Insurers managed to build up liquidity.

The volume of assets and insurance reserves, UAH billions	01.01.2022	01.01.2023	01.01.2024	Change 01.01.2023 / 01.01.2022	Change 01.01.2024 / 01.01.2023	Change 01.01.2024 / 01.01.2022
Assets	64.2	70.3	74.3	+10%	+6%	+16%
Eligible assets	53.2	61.3	66.5	+15%	+8%	+25%
Non-life insurance reserves	22.4	23.9	27.0	+7%	+13%	+21%
Life insurance reserves	14.2	17.1	19.8	+21%	+16%	+39%

Over the second year of the military aggression, assets (including eligible asset) and insurance reserves showed moderate growth, with eligible assets experiencing a slightly higher growth rate (+8%) compared to the total assets of companies (+6%).

In the growth of insurance reserves, trends in the life and non-life markets synchronized (+16% and +13%, respectively), while traditionally the growth of life insurance reserves outpaced that of technical provisions. Eligible asset grew even with new tighter requirements to eligible asset in terms of real estate eligibility introduced by the NBU as of 30 June 2023.

In 2023, the share of eligible assets within the total assets of insurers increased from 87% to 89%, with eligible assets in the life insurance market reaching a stable 97% at year-end, while non-life companies improved the figure from 83% to 86%.

Based on the 2023 results, not only did the volumes of assets, eligible assets, and insurance reserves increase, but they also surpassed pre-war level, showing a growth of 16%, 25%, and 27%, respectively.

Insurance services, UAH billions	2021	2022	2023	Change	Change	Change
				2022/2021	2023/2022	2023/2021
Non-life insurance premiums	43.8	34.8	41.9	-21%	+20%	-4%
Life insurance premiums	5.9	4.9	5.2	-17%	+7%	-12%
Non-life insurance claim payments	17.1	12.1	15.6	-29	+29%	-9%
Life insurance payments	0.8	0.9	1.3	+7%	+43%	+63%

In terms of services provided in hryvnia equivalent, the non-life insurance market recovered faster, growing by 20%, while the life segment's hardly changed, having grown by modest 7%.

At that, life insurance companies paid out 43% more than in 2022, while insurance claim payments for risky types of insurance increased in line with the growth in business volumes, by 29%.

In 2023, the payment ratio increased slightly from 33% to 36% yoy. Such fluctuations in the level of the indicator are traditional for the Ukrainian insurance market, as much as in the pre-war period.

Speaking of the operational volume, the insurance market in 2023 almost reached pre-war levels (in hryvnia equivalent) in terms of premiums, and restored insurance claim payouts to the level of 2021.

Regulation of the Insurance Market

Pursuant to Article 3 of Law of Ukraine No. 1909-IX *On Insurance* dated 18 November 2021, which took effect on 1 January 2024, insurance activities may be conducted in Ukraine only by:

- 1) resident insurers that have obtained a license as required by this Law
- 2) nonresident insurers' branches that have obtained a license as required by this Law
- 3) nonresident insurers, taking into account provisions of Article 6 of this Law (*without obtaining a license*).

The Law *On Insurance* regulating the operation of insurers (direct insurance) also applies to the branches of nonresident insurers and reinsurers (reinsurance), except for cases explicitly specified in this Law.

Article 6 of the Law *On Insurance* stipulates that a nonresident insurer has the right to perform the following insurance activities in Ukraine without receiving the insurance license from the Regulator (*the NBU*) under this Law:

- 1) insurance under insurance classes 5 (Aircraft), 6 (Ships (sea, lake and river and canal vessels), 7 (Goods in transit), 11 (Aircraft liability), and 12 (Liability for ships)
- 2) reinsurance.

A nonresident insurer is authorized to perform insurance activities in Ukraine, provided that:

- 1) country where the nonresident insurer was registered is a member of the World Trade Organization. This requirement does not apply to nonresident insurers that provide reinsurance services in Ukraine.

- 2) home country of nonresident insurer has received no warnings from international bodies with regard to the country's compliance with the international standards of preventing and combating legalization (laundering) of proceeds from crime, terrorism financing, and financing proliferation of weapons of mass destruction

- 3) laws of the home country of the nonresident insurer envisages state regulation and supervision of insurance activities

- 4) an international agreement on prevention of tax avoidance and double taxation is signed by and between Ukraine and the state where a nonresident insurer is registered

- 5) a state where a nonresident insurer is registered is not included into the list of offshore zones established in the Ukrainian legislation

- 6) nonresident insurer has a respective permit to provide insurance (reinsurance) services according to the laws of the home country

7) financial resilience rating of the nonresident insurer that is determined by an international rating agency complies with the requirements established by the Authorized Body's (the NBU's) regulations

8) home country of nonresident insurer does not belong to countries that are waging military aggression against Ukraine, as defined in Article 1 of Law of Ukraine No. 1932-XII *On Defense of Ukraine* dated 6 December 1991 (hereinafter - the Defense Law)

9) nonresident insurer complies with other requirements set by the Regulator (the NBU).

Provided that a nonresident insurer meets the requirements envisaged in part two of Article 6 of the Defense Law, the nonresident insurer has the right to perform the following international transactions in Ukraine without opening a representative office in Ukraine, without receiving the insurance license from the Regulator under this Law, and irrespectively of the place where an insured event occurs:

1) concluding and executing insurance agreements with residents with regard to the insured that has related insurance interests of a policyholder or those of another person specified in the insurance agreement, which refer to insurance of risks under insurance classes indicated in part one indent one of this article

2) entering into and executing reinsurance agreements with resident insurers.

Article 7 of the Law *On Insurance* stipulates that a nonresident insurer is authorized to open a branch in Ukraine, provided that:

1) The nonresident insurer complies with requirements of Article 6 part 2 of this Law.

2) The legislation of the country where the nonresident insurer was registered, as assessed by the Regulator according to the established procedure, does not contain any provisions that might hinder / restrict the interaction between the Regulator and supervisory / controlling authorities of such a country and/or impede the Regulator in exercising its supervisory powers over such branch of the nonresident insurer.

3) At the moment a branch of the nonresident insurer receives its insurance license, its assigned capital is not less than the minimum amount of capital to be held by an insurer in line with Article 40, part 3 of this Law.

4) The nonresident insurer has provided in writing its irrevocable commitment to unconditional fulfillment of the obligations arising from its branch's activities in Ukraine.

5) The country where the nonresident insurer was registered does not belong to countries that are waging military aggression against Ukraine, as defined in Article 1 of the Defense Law.

The requirements for the assigned capital and conditions of operation of branches of nonresident insurers in Ukraine are established by this Law and regulations of the Regulator.

Requirements for operations of a nonresident insurer's branch are set in Section II Chapter 9 of the Regulation *On Authorization of Financial Services Providers and Requirements for Providing Financial Services* approved by NBU Board Resolution No. 199 dated 29 December 2023 (hereinafter, Regulation No. 199).

In particular, in order to operate in Ukraine, a nonresident insurer's branch must be registered in the Register of Nonresident Insurer Branches and hold a license received in accordance with Section XIII Chapter 79 paragraphs 854-856 of Regulation No. 199.

The requirements of Regulation No. 199 regarding resident insurers apply to branches of nonresident insurers, except as expressly provided for in Regulation No. 199, subject to the specifics set forth in Articles 6 and 7 of the Law *On Insurance*.

At the moment a branch of the nonresident insurer receives its insurance license, its assigned capital on the accounts with resident banks is not less than the minimum amount of capital to be held by an insurer as specified by Article 40 part 3 of the Law *On Insurance* (*with the amount of capital depending on the activities to be performed by the nonresident insurer's branch*).

The assigned capital can be made in monetary form only and must be paid in full.

The assigned capital is paid in hryvnias.

The assigned capital cannot be made with funds received as a debt or loan, against a collateral, or with funds encumbered in any other way.

The assigned capital and accrued interest are accounted as own funds of a nonresident insurer's branch and is held on a separate bank account.

Property rights to the assigned capital must not be used as a collateral and may be used only for the purposes envisaged by Ukrainian laws.

If a branch of a nonresident insurer needs to make payments at the expense of the security assigned capital, it must submit information about its financial standing and the justification of such payments to the NBU not later than 10 calendar days before the payments are made.

The financial resilience rating of a nonresident insurer that intends to open a branch in Ukraine must not be lower than highly resilient according to classifications of the following international rating agencies:

- (1) A.M. Best (USA) - "B+"
- (2) Moody's Investors Service (USA) - "Baa"
- (3) Standard & Poor's (USA) - "BBB"
- (4) Fitch Ratings (UK) - "BBB".

The chief executive officer and the key person of a nonresident insurer branch must comply with requirements for business reputation and fitness and propriety determined by this Regulation.

The NBU approves persons appointed for the positions of the chief executive officer and the key person of a nonresident insurer's branch according to the procedure specified in Section IX Chapter 62 of Regulation No. 199.

The liquidation of a nonresident insurer branch shall adhere to the procedures outlined in Section XIII Chapter 80 of Regulation No. 199.

• *Are foreign insurance companies, once authorised, treated in every respect as a domestic undertaking?*

In accordance with Article 3 of the Law of Ukraine *On Insurance*, the insurance activity in Ukraine shall be conducted exclusively by:

- 1) resident insurers that have obtained a license as required by this Law
- 2) nonresident insurers' branches that have obtained a license as required by this Law
- 3) nonresident insurers, taking into account provisions of Article 6 of this Law.

The Law of Ukraine *On Insurance* that regulates the activities of resident insurers (direct insurance) also applies to branches of nonresident insurers and reinsurers (reinsurance), except for cases provided by this Law, in particular, *requirements for a different organizational and legal form of a nonresident insurer's branch, other requirements for the amount of authorized capital and its formation, corporate governance system, liquidation procedure and market exit, etc.*

The Law of Ukraine *On Insurance* stipulates that insurers are financial institutions or branches of nonresident insurers that are authorized to carry out insurance activities in Ukraine.

The nonresident insurers that have opened branches in Ukraine and obtained a license to conduct insurance activities are actually residents under Ukrainian law. Their activities are regulated and supervised in the same way as resident insurers, taking into account the peculiarities arising from their organizational and legal form and the procedure for establishing them as a business entity.

• *Is there a legal monopoly in one or more insurance branches (e.g. motor insurance, accident insurance)?*

In Ukraine, there is no monopoly in certain areas of insurance and no insurers are authorized by the government to carry out certain activities or created by the state. Besides, the Law of Ukraine *On Insurance* and other laws do not provide for the right of the government to create such institutions or a monopoly in the insurance sector.

However, regarding certain insurance classes or types of insurer activities, the law establishes additional requirements for insurers who have the right to engage in such activities, which does not lead to market monopolization, but introduces an additional mechanism for insurers to access such a market and is aimed at selecting

insurers specializing in these types of activities or selecting insurers with a sufficient solvency.

The additional requirements are established for insurers that provide insurance for activities that receive state support, social insurance, or insurers that provide insurance to protect the interests of the state or public authorities.

Article 19 part two of Law of Ukraine No. 1953-IX *On Financial Services and Financial Companies* dated 14 December 2021 stipulates that special laws may provide for the mandatory establishment of a single association of financial services market participants, participation in which is a prerequisite to carry out a relevant type of activity providing financial or ancillary services and/or providing certain types of financial or ancillary services.

In particular, such additional requirements for insurers and/or the requirement for insurers to participate in a single association of financial services market participants are provided for by the following laws:

the Law of Ukraine *On Mandatory Civil and Legal Liability Insurance for Motor Vehicles Owners* (requirement for the insurer to be a member of the MTIBU)

the Law of Ukraine *On Civil Liability for Nuclear Damage and Respective Financial Collateral* (requirement for the insurer to be a member of a nuclear insurance pool)

the Law of Ukraine *On Specifics of Insurance of Agricultural Products Supported by State* (requirement for the insurer to be included in the list of insurers that are eligible for insuring government-backed agricultural products)

the Customs Code of Ukraine (requirement for the insurer to be included in the register of guarantors).

Regulation No. 199 provides for the following additional requirements for insurers in relation to the types of activities:

insurer with a class-10 insurance activities license, which includes the risks of insuring the liability of land motor vehicles owners in accordance with the Law of Ukraine *On Mandatory Civil and Legal Liability Insurance for Motor Vehicles Owners*, is entitled to become a member of the Motor (Transport) Insurance Bureau of Ukraine and undertake its duties as its member (Section II Chapter 8 paragraph 94)

insurer with a class-13 insurance activities license, which includes the risks of insuring the liability of a nuclear site operator against nuclear damage that may be caused by a nuclear incident in line with Law of Ukraine *On Civil Liability for Nuclear Damage and Respective Financial Collateral* within this class of insurance, is obliged to be a member of the nuclear insurance pool and undertake its duties as a member (Section II Chapter 8 paragraph 94)

insurer with a class-13 insurance activities license is entitled to act as a guarantor in accordance with the provisions of the Customs Code of Ukraine provided that such risks are included within this insurance class in accordance with

the requirements of NBU's provisions that define the characteristics and classification criteria of insurance classes, peculiarities of carrying out insurance activities and concluding contracts by insurance classes, namely insurance class 13:

1) insurance of liability to third parties, other than the liability of the nuclear site operator for nuclear damage that may be caused by a nuclear incident, with restrictions and features that provide grounds for applying a simplified approach to calculating solvency capital and minimum capital (hereinafter referred to as other liability insurance with a simplified approach)

2) insurance of liability to third parties, other than the liability of the nuclear site operator for nuclear damage that may be caused by a nuclear incident, with restrictions and features that provide grounds for applying a simplified approach to calculating solvency capital and minimum capital (hereinafter referred to as other liability insurance with a simplified approach)

The Regulation on insuring agricultural products supported by state (NBU Board Resolution No. 108 dated 20 October 2021) establishes requirements for insurers intending to insure agricultural products supported by state to be included in the list of authorized insurers.

The list of authorized insurers is created in accordance with the Procedure for Providing State Support for Insurance of Agricultural Products (Resolution of the Cabinet of Ministers of Ukraine No. 1342 dated 9 December 2021).

B. Legal framework

● *Which authorities are responsible on insurance and occupational pensions in your country?*

Regarding Insurance

Starting 1 July 2020, the NBU, in accordance with the Law of Ukraine No. 79-IX *On Amendments to Certain Legislative Acts of Ukraine on Improving the Functions of State Regulation of Financial Services Markets* dated 12 September 2019 became a regulator of certain nonbank financial services markets, including the insurance market.

In accordance with Article 22 of the Law of Ukraine *On Financial Services and Financial Companies*, the state regulation and supervision over provision of financial services is carried out for:

1) financial services defined in Article 4 part one paragraph 9 of this Law (*financial services provided within the scope of professional activity in the capital markets, as specified in Article 41 part two of the Law of Ukraine On Capital Markets and Organized Commodity Markets*) and ancillary services — National Securities and Stock Market Commission (NSSMC)

2) financial services set out in Article 4 part one paragraphs 1–8 of this Law (insurance, providing funds and investment metals on credit, raising returnable funds

and investment metals, financial leasing, factoring, providing guarantees, trading in currency valuables, and financial payment services) and ancillary services — National Bank of Ukraine.

In accordance with Article 7 of the Law of Ukraine *On the National Bank of Ukraine*, the NBU conducts state regulation and supervision on individual and consolidated basis in the nonbank financial services markets over activities of nonbank financial institutions and other entities other than financial institutions but are entitled to provide certain financial services within the limits set by the Law of Ukraine *On Financial Services and State Regulation of Financial Services Markets and Other Laws of Ukraine*.

The Law of Ukraine *On Insurance* stipulates that the NBU supervises insurers, reinsurers, insurance support service providers, associations of insurance market participants that are self-regulatory organizations, qualifying holders, members of financial groups (insurance groups, insurance subgroups), insurance groups, insurance subgroups, insurer's top managers, and persons entrusted with key functions.

In accordance with the Law of Ukraine *On State Regulation of Capital Markets and Organized Commodity Markets*, the NCSSM regulates the activities of insurers established in the form of joint stock companies in terms of compliance with legislation on joint stock companies, and publishes information about insurance organizations that insure lifelong pensions at the expense of the accumulative system of mandatory state pension insurance, including indicators used by them to calculate lifelong pensions.

Regarding occupational pensions

The NSSMC is responsible for non-state pension provision.

In terms of the competence of the Ministry of Social Policy of Ukraine the information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Please indicate the principal legislation adopted in this area and its implementation.

The high-level regulations that govern social relations in the insurance sector are the Constitution of Ukraine, the Civil Code of Ukraine, the Commercial Code of Ukraine, the Bankruptcy Code of Ukraine, the Air Code of Ukraine, the Merchant Shipping Code of Ukraine, the Customs Code of Ukraine, the Law *On Financial Services and Financial Companies*, and the Law of Ukraine *On the National Bank of Ukraine*.

Main laws in the field of insurance as follows: Law on Insurance, Law of Ukraine *On Compulsory Insurance against Civil Liability in Respect of the Use of Land Motor Vehicles*.

The mechanisms of state regulation and supervision established by the Law *On Insurance* ensure the implementation of the EU-Ukraine Association Agreement and the updating of national legislation, taking into account the provisions of Directive 2009/138/EU (Solvency II) and Directive 2016/97 (IDD). In the course of preparing the draft law, the NBU conducted a comprehensive analysis of the global practices of regulation and supervision of nonbank financial institutions. The recommendations of the experts from the World Bank and the EU technical assistance project *Strengthening the Regulation and Supervision of the Nonbank Financial Market* (EU-FINREG) were studied.

The main provisions of the Law *On Insurance* came into effect on 1 January 2024. The requirements for the assessment of solvency in accordance with Directive 2009/138/EU (Solvency II) for insurers that meet the criteria and conditions set by the Law will be introduced starting 1 January 2027. The requirements to insurance intermediaries operation will apply from 1 January 2025.

The Law *On Insurance* provides for new approaches to the insurance market regulation and supervision, the provisions include improving licensing requirements for insurers, enhanced requirements to their solvency, the need to build an effective system of insurers management, risk-oriented prudential supervision and supervision of insurers' market behavior, as well as defining procedures for removal of insurers from the market and and transfer of insurance portfolio, etc. Also the Law *On Insurance* sets new requirements to entities, framework for activities in realizing insurance and/or reinsurance products, and the procedure for performing activities by those entities and their registration.

In 2023 the NBU developed and approved a number of regulations to ensure the implementation of the provisions of the Law *On Insurance*. In 2024 the work on drafting regulations will be continued.

The NBU ensures legal support of draft law No. 8300 *On Compulsory Insurance against Civil Liability in Respect of the Use of Land Motor Vehicles* dated 22 December 2022. Its provisions shall implement the EU-Ukraine Association Agreement and update the domestic legislation taking into account the provisions of Directive 2009/103/EC.

The special laws that additionally regulate the field of insurance are: Law of Ukraine *On Civil Liability for Nuclear Damage and Respective Financial Collateral*, the Law of Ukraine *On Specifics of Insurance of Agricultural Products Supported by State*.

Regarding occupational pensions

The legislation on the accumulative pension system consists of the Law of Ukraine *On Mandatory State Pension Insurance*, the Law of Ukraine *On Non-State Pension Insurance*, the Law of Ukraine *On Capital Markets and Organized Commodity Markets*, the Law of Ukraine *On State Regulation of Capital Markets*

and Organized Commodity Markets and the by-laws developed for their implementation.

The following Resolutions of the Cabinet of Ministers of Ukraine were adopted:

Resolution dated June 02, 2023 No. 561 *On Amendments to Clause 3 of the Procedure for Calculating the Average Wage (Income, Financial Support) for the purpose of Calculation of Mandatory State Social Insurance Payments*. The purpose of adopting the resolution is to prevent a decrease in the amount of insurance benefits paid to insured persons upon their return to work after completion of military service.

Resolution dated July 14, 2023 No. 775 *Some issues of implementation of the rights of victims of occupational accidents and occupational diseases to receiving of social services*. The mentioned resolution implements the right of victims of occupational accidents and occupational diseases to social services, namely to the social service „Care at home" and the social service „In-kind assistance”.

It was adopted the Cabinet of Ministers of Ukraine Decree dated August 4, 2023 No. 675-r *On termination of the privatization procedure for a state property small privatization target* which was prepared to ensure proper conditions for fulfillment of the legislation defined main tasks and responsibilities by the Head Office of the Pension Fund of Ukraine in the Kherson oblast.

It was adopted a number of regulatory and legal acts in the field of pension provision:

- it was submitted to the Verkhovna Rada of Ukraine for consideration the draft Law of Ukraine *On Amendments to Article 87 of the Budget Code of Ukraine regarding determination of funding sources for some pension payments and costs for their delivery* (Reg. No. 9077 dated March 03, 2023)

- the Law of Ukraine dated June 29, 2023 No. 3201-IX *On Amendments to Section XV „Final Provisions" of the Law of Ukraine On Mandatory State Pension Insurance regarding sources of payment for pension delivery services and payment of burial benefits*

- the Resolution of the Cabinet of Ministers of Ukraine dated June 24, 2023 No. 631 *On Approval of the Budget of the Pension Fund of Ukraine for 2023*

- the Resolution of the Cabinet of Ministers of Ukraine dated August 8, 2023 No. 837 *On Amendments to Resolutions of the Cabinet of Ministers of Ukraine dated August 30, 1999 No. 1596 and dated November 5, 2014 No. 637*

- the Resolution of the Cabinet of Ministers of Ukraine dated August 11, 2023 No. 842 *On the Implementation of an Experimental Project on the Payment by International Postal Transfer by the Joint-stock Company „Ukrposhta" of Pensions and Cash Assistance to Recipients who are Temporarily Outside Ukraine*

- the Resolution of the Cabinet of Ministers of Ukraine dated September 5, 2023 No. 944 *On Amendments to the Budget of the Pension Fund of Ukraine for 2023*.

Supervisory Authority

● *What is the set-up and structure of the financial supervisory authority in your country? Who supervises the insurance company's business overall, its state of solvency and its technical provisions and the assets covering them (please indicate name and address)?*

Article 2 of the Law of Ukraine *On the National Bank of Ukraine* sets forth that the National Bank of Ukraine is the central bank of Ukraine, a special central government authority whose legal status, objectives, functions, powers, and organizational principles are determined by the Constitution of Ukraine, this law and other Ukrainian laws.

The Council of the National Bank of Ukraine, the Board of the National Bank of Ukraine, and the Central Office of the NBU are located in Kyiv.

The NBU's address is 9, Instytutska St., Kyiv, 01601, email: nbu@bank.gov.ua

According to the Law of Ukraine *On the National Bank of Ukraine* the NBU's powers include:

state regulation and supervision on individual and consolidated basis on the nonbank financial services markets over activities of nonbank financial institutions and other entities other than financial institutions but entitled to provide certain financial services and the entities providing ancillary services within the limits set by the Law of Ukraine *On Financial Services and Financial Companies* and other laws of Ukraine (Article 7 part one paragraph 8¹)

state regulation and supervision of the nonbank financial services markets (except for professional activities and provision of ancillary services on capital markets) on individual and consolidated basis within the scope and according to the procedure established by laws (Article 55¹ part two).

In accordance with Article 21 part four of the Law of Ukraine *On Financial Services and Financial Companies*, the regulator (the NBU) implements the state regulation and supervision over provision of financial and ancillary services by the means of:

1) keeping the Register and publishing the information from the Register according to the procedure set by this Law, special laws, and NBU's regulations

2) authorizing the activities on provision of financial and ancillary services in the cases established by special laws

3) regulating and supervising the activities on provision of financial and ancillary services

4) performing prudential supervision and supervision of market conduct of participants of the financial services market

5) applying corrective actions, early intervention measures, and enforcement measures

6) preparing and publishing statistical and analytical information on financial services market functioning, its participants' activities

7) implementing other measures provided for in this Law and special laws

8) supervision over compliance of financial services providers, intermediaries, and collection agencies with the laws on consumer protection in financial services, including compliance with the requirements on interaction with consumers in settlement of overdue debts (ethical conduct)

9) control of compliance with the laws on advertising on the financial services markets.

The NBU's powers on regulation and supervision of insurers regarding their solvency, technical provisions and assets that can represent those provisions are defined in Article 114 of the Law *On Insurance*:

setting prudential requirements, including the requirements to the amount of regulatory capital, criteria and ratios of capital adequacy, solvency, liquidity, profitability, assets quality (including the assets to cover technical provisions for the purposes of the capital adequacy financial reporting) and the level of risks of transactions, compliance with the rules of insurance services provision, and the rules for technical provisions formation and accounting (part three paragraph 4)

checking and assessing the compliance of the amount of technical provisions made, procedure of their formation and/or accounting, methods for calculating insurers' technical provisions and assumptions with the requirements set by this Law and NBU's regulations (part three paragraph 27)

checking and assessing the compliance by insurers of the requirements to investment activities set by law (part three paragraph 28).

• *Which authority is in charge of the financial supervision over occupational pension funds?*

State supervision and control over the activities of non-state pension funds is carried out by the NSSMC within the powers and in the manner determined by the legislation of Ukraine.

In accordance with part 2 of Article 11 of the Law of Ukraine *On Non-State Pension Insurance*, the NSSMC has the right to check the documents submitted for inclusion in the State Register of Financial Institutions of the Pension Fund for their compliance with the legislation and the authenticity of the information specified in them and, if necessary, to request the submission of additional documents and explanations that confirm the information contained in the submitted documents.

• *What powers does the supervisory authority have:*

a) *In order to require the necessary supplemental information;*

The NBU (regulator) has the powers to request from the insurers the additional information established in the *Law On Financial Services and Financial Companies* and the *Law On Insurance*.

Pursuant to Article 23 parts nine and ten of the *Law On Financial Services and Financial Companies*, when performing the supervision within its purview, the NBU shall receive free of charge from the inspected providers of financial and ancillary services and other entities specified in part seven of this Article, the information, documents, and their copies (paper or electronic), written explanations on issues of their activities that describe the financial and/or ancillary services provided by this entity, and/or compliance of Ukrainian laws. The regulator within its purview is entitled to receive from state authorities, local self-governments, and other entities the information, including restricted information, necessary for the implementation of state regulation and supervision of activities on provision of financial services.

Pursuant to Article 18 part five of the *Law On Insurance* the NBU is entitled to take actions in order to identify the compliance of the insurer's ownership structure with the requirements of Ukrainian laws, including requesting the information and documents from the insurer, its key participants and qualifying holders, and demanding the respective explanations.

Pursuant to Article 27 part eighteen of the *Law On Insurance*, the regulator (the NBU) has the right to receive from state authorities, local government bodies and other entities without charge the information necessary to determine the fitness and propriety of insurer's top managers (candidates to respective positions). The authorities and the persons that have received such inquiry from the regulator, shall provide the respective information within 10 business day upon the receipt of the NBU's request.

Article 35 of the *Law On Insurance* provides for the insurer's duty to deliver the information to the regulator and enlists the information on insurer's operation to be submitted to the NBU.

Also, pursuant to Article 114 part three paragraph 14 and part seven of the *Law on Insurance*, when performing state regulation and supervision of insurance (reinsurance) activities, the NBU shall demand from the insurance market participants (except for customers and associations of participants of insurance market) to provide necessary documents, information, and explanations. For the purposes of the insurance market supervision, the NBU is entitled to receive from the public authorities and other entities the information, including confidential, regarding the financial/property standing of the insurer founder(s) and the persons that purchase or increase a qualifying holding in the insurer, their business reputation, sources of the funds to be used for formation of the insurer authorized capital.

Also, pursuant to Article 47 part three paragraph 1 of the *Law On Insurance*, the NBU is entitled to demand from insurers and insurance groups to submit a single, temporary reporting and interim financial reporting (interim consolidated financial statements) in the cases and according to the procedure set by the NBU's regulations.

The NBU regulations on regulation of participants of the nonbank financial services market also provide for the possibility of requesting additional information and/or documents from applicants/market participants during the procedures for registration, updating/amending the information submitted earlier, etc.

The procedure for issuing by the NBU the demand to submit information/documents during the implementation of supervisory procedures is also regulated in the following regulations:

Regulation *On the Off-Site Supervision of the Provision of Financial and Ancillary Services* approved by NBU Board Resolution No. 162 dated 14 December 2023

Regulation *On Organizing and Conducting Inspections on Nonbank Financial Services Markets* approved by NBU Board Resolution No. 167 dated 20 December 2023

b) To carry out on-site inspections;

Pursuant to Article 23 part four of the Law *On Financial Services and Financial Companies*, the Regulator (the NBU) carries out the supervision over provision of financial and/or ancillary services under this Law, special laws and NBU regulations in the following forms:

- 1) off-site supervision
- 2) inspections.

The specifics of conducting inspections is established in Article 23 part five of the Law *On Financial Services and Financial Companies*.

Pursuant to Article 114 part three paragraphs 9, 11, and 16 of the Law *On Insurance*, in state regulation and supervision of insurance (reinsurance) activities the regulator shall conduct inspections of insurers, insurance groups, branches of nonresident insurers and insurance intermediaries; inspecting independently or jointly with other state authorities the activities of the participants of insurance market (except customers), as well as legal entities and individuals that operate on the insurance market and for whom the statutory requirements on authorization are set; conduct thematic inspections of insurers based on analysis of macroeconomic indicators and risks impacting the insurers' operation.

The grounds, procedure for conducting inspections, and types of inspections that are conducted by the regulator are laid out in Article 116 of the Law *On Insurance*.

In order to regulate the process for organizing and conducting inspections by the NBU of the supervised entities, including insurers, and to formalize their results, the NBU introduced the Regulation on Organizing and Conducting Inspections on Nonbank Financial Services Markets approved by Resolution No. 167 dated 20 December 2023.

c) In order to ensure that managers work in a fit and proper way;

Pursuant to Article 27 of the Law *On Insurance*, the top managers of the insurer (the chairperson of the insurer's supervisory board, their deputies and members of the insurer's supervisory board, the chairperson of the insurer's board (director general), their deputies and members of the insurer's board (directorate), and the insurer's chief accountant) shall meet the qualification requirements, have an impeccable business reputation and a combination of knowledge, professional and managerial experience required for the proper performance of the official duties of the insurer's top manager, taking into account the insurer's business plan and strategy, as well as the functional load and scope of responsibility of the insurer's relevant top manager. The insurer's top managers are required to have a university degree. The Regulator (NBU), according to the procedure set by it, shall approve the insurer's top managers (candidacies for the insurer's top managers). The Regulator (NBU) shall have the right to demand termination of powers of any of the insurer's top managers if they fail to comply with the qualification requirements and/or if the insurer's top manager fails to ensure the proper performance of their duties, which led to the breach of applicable legal requirements identified in the process of supervision in accordance with the procedure established herein. The insurer shall take measures, at the request of the Regulator, to terminate the powers of the insurer's top manager. The insurer's top manager, in respect to which the Regulator has demanded the termination of powers due to the refusal to approve the top manager, shall refrain from taking actions and making decisions and terminate their duties from the moment the insurer receives the relevant written request from the Regulator.

When performing their duties in line with the requirements of this Law, the insurer's top managers shall act in the interests of the insurer, comply with the requirements of the law, provisions of the charter, and other documents of the insurer. In particular, the insurer's top managers shall: take responsibility for the performance of their official duties, make decisions within their authority, take no advantage of their professional status for their personal benefit, and ensure the storage and transfer of the insurer's property and documents in the case of dismissal.

The insurer's top managers shall be responsible to the insurer for damages caused to the insurer by their actions (or inaction) in accordance with the law. The insurer's top managers shall take steps to prevent and manage conflicts of interest. The insurer's top managers shall be obliged to refrain from taking actions and/or making decisions if this may lead to a conflict of interest and/or impede the proper performance of duties by such top managers in the interests of the insurer.

Pursuant to Article 22 part seven of the Law *On Insurance*, the chief risk manager, chief compliance officer, chief internal auditor, and responsible actuary shall meet the qualification and other requirements established by the Regulator's regulations.

The requirements for fit and proper criteria of top managers, chief risk officer, chief compliance officer, chief internal auditor, and responsible actuary are set forth in Regulation No. 199.

A responsible actuary shall pre-register in the Register maintained by the NBU. This implies that such a person meets the requirements for knowledge, professional experience, and business reputation, and that they successfully passed a test and an interview at the NBU and commit to continue their professional development. Such additional requirements are set out in Regulation *On Authorization of Entities Eligible to Conduct Actuarial Activities in the Insurance Sector and Entities Eligible to Perform Duties of a Responsible Actuary* approved by NBU Board Resolution No. 187 dated 25 December 2023.

d) *In case of insolvency;*

In order to declare the insurer insolvent, the following procedures apply:

Pursuant to Article 66 part two and part seven of the Law *On Insurance*, if the Regulator (NBU) makes a decision to declare the insurer insolvent and revoke the insurer's license, the liquidation of an insurer shall be carried out in line with the Bankruptcy Code of Ukraine.

The specifics of the application of the enforcement measure in the form of revoking the license and declaring the insurer insolvent are set out in Articles 123 and 124 of the Law *On Insurance*.

The Regulator's (the NBU's) decision to declare the insurer insolvent and to revoke the insurer's license in line with Article 123 part one of the Law *On Insurance* gives the Regulator grounds for filing a lawsuit with the commercial court to initiate bankruptcy proceedings against the insurer. The Regulator shall file a petition with the commercial court to open bankruptcy proceedings in accordance with the Bankruptcy Code of Ukraine within one month from the date of the Regulator's decision to declare the insurer insolvent on the grounds specified in Article 124 of the Law *On Insurance* and the decision to revoke this insurer's license.

Pursuant to Article 123 part one of the Law *On Insurance*, the Regulator shall make decision to revoke the insurer's license along with the decision to declare the insurer insolvent on the grounds specified in Article 124 of this Law.

In case of detecting signs or early warning signs of the insurer's insolvency, the following procedures shall apply:

Pursuant to Article 117 part one of the Law *On Insurance*, if the insurer's eligible regulatory capital to meet the solvency capital requirements does not exceed 120 percent of the solvency capital and/or if there are significant risks of violation of the solvency capital requirements in the next three months, the insurer shall immediately notify the Regulator thereof and, within 30 days from the date of detection of the relevant circumstances, shall prepare the insurer's business recovery plan or update the previously prepared insurer's business recovery plan if the assumptions underlying it are invalid, and shall submit it to the Regulator for approval.

Pursuant to Article 118 part one of the Law *On Insurance*, in case of violation of the minimum capital requirements and/or existence of significant risks of

violation of the minimum capital requirements in the next three months, the insurer shall immediately notify the Regulator and, within 15 days from the date of detection of the relevant circumstances, prepare the insurer's financing plan and submit it to the Regulator for approval.

In addition, the Regulator has the right to apply early intervention measures listed in Article 120 of the Law *On Insurance*.

e) To sanction and remedy violations of the law?

Pursuant to Article 23 part three of the Law *On Financial Services and Financial Companies*, the Regulator (NBU) carries out the following types of supervision over provision of financial and/or support services:

- 1) prudential supervision
- 2) market conduct supervision.

Pursuant to Article 23 part four of the Law *On Financial Services and Financial Companies*, the Regulator carries out the supervision over provision of financial and/or support services under this Law, other applicable laws and NBU regulations in the following forms:

- 1) off-site supervision
- 2) inspections (on-site supervision).

Pursuant to Article 114 paragraph 12 of the Law *On Insurance*, for the purpose of state regulation and supervision of insurance (reinsurance) activities, the Regulator, when the laws on insurance, financial services, and consumer rights protection, and the Regulator's regulations are violated, shall apply enforcement actions, early intervention measures, and corrective measures and impose administrative penalties.

The types of enforcement measures that the Regulator is authorized to apply are set out in Article 121 of the Law *On Insurance*.

The procedure for applying enforcement measures is provided for in Article 122 of the Law *On Insurance*.

The specifics of the application of the enforcement measure in the form of license revocation are defined in Article 123 of the Law *On Insurance*, while the specifics of the application of the enforcement measure in the form of declaring the insurer insolvent are set out in Articles 124 of the Law *On Insurance*.

The procedure for applying enforcement measures, early intervention measures, and corrective measures by the NBU is set forth in Regulation *On Application by the NBU of Enforcement Measures, Early Intervention Measures, Corrective Measures in the State Regulation of Activities in the Nonbank Financial Services Markets*, approved by NBU Board Resolution No. 183 dated 25 December 2023.

● ***To whom does the supervisory authority report to?***

Pursuant to the Law of Ukraine *On the National Bank of Ukraine*, the NBU is the central bank of Ukraine, a special central body of the state administration, whose legal status, objectives, functions, powers and principles for organization are determined by the Constitution of Ukraine, this Law and other laws of Ukraine. The NBU is an economically independent body that carries out expenditures at the expense of its own revenues, and in the cases specified by this Law, also at the expense of the funds of the State Budget of Ukraine.

The NBU is not liable for and not assume the commitments of government bodies; the government bodies shall not be liable for the NBU's commitments, unless they voluntarily assume such a commitment.

Under the Constitution of Ukraine, the main tasks of the NBU Council include developing Monetary Policy Guidelines and overseeing the conduct of the monetary policy.

Under Article 51 of the Law of Ukraine *On the National Bank of Ukraine*, the NBU is accountable to the President of Ukraine and the Verkhovna Rada of Ukraine within their constitutional authority.

The accountability means the following:

1) The NBU Governor is nominated by the President of Ukraine and appointed and dismissed by the Verkhovna Rada of Ukraine.

2) Half of the NBU Council members is appointed and dismissed by the President of Ukraine.

3) Half of the NBU Council members is appointed and dismissed by the Verkhovna Rada of Ukraine.

4) Every year before 1 May, the NBU Governor presents to the Verkhovna Rada of Ukraine a report about the NBU's activities.

5) The NBU submits to the President of Ukraine and the Verkhovna Rada of Ukraine an annual report on the monetary policy implementation for the previous year.

The NBU on a quarterly basis provides information to the President of Ukraine and the relevant Committee of the Verkhovna Rada of Ukraine, the competence of which includes the issues related to banking, on noncash issue in the relevant period, namely:

for the bank refinancing purposes

interventions in the interbank FX market

stock market transactions.

The NBU may submit to the President of Ukraine in accordance with the procedure established by law proposals on legislative settlement of the issues aimed at the exercise of functions of the NBU.

On the annual basis, by 1 March of the current year, the NBU shall submit to the President of Ukraine and the Verkhovna Rada of Ukraine the information specified in Article 52 part three of the NBU Law.

According to Article 53 of the NBU Law, any interference of the public authorities, other public institutions or their officials, any legal entities or individuals in the exercise of functions and powers of the NBU, NBU Council, NBU Board, or NBU employees shall be prohibited, except for within the limits stipulated by the Constitution of Ukraine and the NBU Law.

The NBU shall submit reports and information to state authorities and other government bodies in the cases stipulated by the Constitution of Ukraine and the NBU Law.

All matters related to the NBU functions may only be defined and altered by the NBU Law. Any provision of this Law may only be changed by amending the NBU Law.

In accordance with part 1 of Article 9 of the Law of Ukraine *On State Regulation of Capital Markets and Organized Commodity Markets* (the revised version enters into force on 27.04.2024), the NSSMC is accountable to the Verkhovna Rada of Ukraine, the President of Ukraine and the Cabinet of Ministers of Ukraine within their constitutional powers.

● ***What are the requirements of professional secrecy with respect to the members of the supervisory authority?***

Pursuant to Article 66 of the NBU Law, the NBU officials, both during and after their term of office, are prohibited from disclosing the information that constitutes the state secret, bank secrecy or other confidential information, and which has come to their knowledge in the course of the performance of their official duties, except for the cases specified by the laws of Ukraine.

The relevant requirements are detailed, in particular, in the NBU's internal regulations:

Regulation *On Protecting Restricted Information that Does Not Constitute a State Secret at the National Bank of Ukraine*, approved by NBU Board Resolution No. 570 dated 8 August 2019 (as amended).

NBU Board Decision *On Approval of the List of Restricted Information that Does Not Constitute a State Secret at the National Bank of Ukraine* No. 282 dated 15 August 2023 (as amended).

Article 11 of the Law of Ukraine *On Financial Services and Financial Companies* No. 1953–IX dated 14 December 2021 establishes responsibilities of NBU officials to ensure the protection of the secrecy of financial services.

Requirements for the procedure for processing, storage, protection, use, transfer, disclosure, destruction and publication of information that constitutes a

financial service secret, including the procedure for the NBU to use information that constitutes a financial service secret in the course of supervising a financial service provider or intermediary, received by it in the course of supervising other financial or support services providers, are defined by the Regulation On Financial Service Secrecy, approved by the NBU Board Resolution No. 163 dated 15 December 2023.

The NBU Board Resolution No. 166 dated 19 December 2023 also approved the Regulation *On Insurance Secrecy*, which sets out the requirements for processing, protection, storage, use, transfer and disclosure of information constituting insurance secrecy.

According to Article 134 of the Law of Ukraine On Capital Markets and Organized Commodity Markets (hereinafter referred to as the Law), professional secrecy on capital markets and organized commodity markets (hereinafter referred to as professional secrecy) is information on the activity and/or financial condition of the client, as well as other information provided for by part 2 of this article, that became known:

1) to a professional participant of the capital markets and organized commodity markets in the process of client servicing when conducting professional activities on the capital markets and organized commodity markets;

2) to third parties during their activities related to capital markets and organized commodity markets;

3) to third parties providing services or performing work in accordance with contracts concluded with the persons specified in paragraphs 1 and 2 of this part;

4) to the National Securities and Stock Market Commission, the National Bank of Ukraine, other state authorities within their powers.

The provisions of this article do not apply to information subject to disclosure in accordance with the requirements of the law, from the moment of publication of such information.

The NSSMC issues regulations on the storage, protection, use and disclosure of information that constitutes professional secrecy.

Article 135 of the Law establishes requirements for the preservation of professional secrecy on the capital markets and organized commodity markets, in particular, the persons specified in part 1 of Article 134 of this Law, which became aware of information constituting professional secrecy, are obliged to ensure its preservation by:

1) limitation of the circle of persons which have access to the information constituting professional secrecy;

2) organization of special record keeping with documents containing professional secrecy;

3) use of technical means to prevent unauthorized access to electronic and other information carriers;

4) application of provisions regarding the preservation of professional secrecy and establishment of responsibility for its disclosure in contracts and agreements.

Officials, employees of the entities specified in part 1 of Article 134 of this Law are obliged not to disclose and not to use in their interests or the interests of third parties the information that constitutes professional secrecy and became known to them during the performance of their duties. The specified persons sign an obligation to maintain professional secrecy during taking the position, their appointment, and conclusion of the relevant contract.

3. Professional participants of capital markets and organized commodity markets in the course of their professional activities or state authorities, legal entities and individuals which, during the performance of their functions defined by law, directly or indirectly received, in accordance with the procedure established by law, information constituting professional secrecy, are obliged to ensure the preservation of such information, not to disclose or use it in their own interests or in the interests of third parties.

4. Persons guilty of violating the procedure for disclosure and use of professional secrecy shall be liable in accordance with the law.

Persons guilty of disclosing and/or using in their own interests or the interests of third parties of information constituting professional secrecy, which caused losses to a capital market participant or a professional participant of organized commodity market or his client, are obliged to compensate for the losses and moral damage in accordance with the law.

● ***Which provisions exist with regard to the exchange of information with supervisory authorities of third countries?***

The NBU's respective powers to cooperate with international organizations, public authorities, and nongovernmental organizations of foreign countries are regulated by Article 23 of the Law *On Financial Services and Financial Companies*.

This cooperation shall take place in line with the laws of Ukraine based on concluded agreements, memorandums or other documents.

In the course of supervision within its powers, the NBU shall cooperate with other public authorities and respective authorities on regulation and/or supervision of financial institutions of foreign states, including in the course of supervision on a consolidated basis and of the entities performing activities on financial markets of foreign states.

When carrying out state supervision of the activities related to the provision of financial and/or support services, the NBU may use the services of other legal entities and individuals, including foreign ones, on the basis of separate agreements, provided that they protect and preserve information on the provision of financial services, including information constituting a financial service secret, in accordance with this Law.

In addition, in accordance with the Strategy of Ukrainian Financial Sector Development until 2025, the NBU became a member of the IAIS in 2022 and joined the IAIS Multilateral Memorandum of Understanding, which contributes to the establishment of relations by the NBU, the possibility of representing Ukraine in the EU, voicing the NBU's vision for the future development of the of nonbank financial services market , holding discussions, debates, and exchanging the experience. Such cooperation will also allow the NBU to continue reforming the insurance market based on the implementation of the principles and standards of insurance supervision, EU acquis, and best European practices.

Provisions with regard to the exchange of information are provided for by Article 8 of the Law of Ukraine *On State Regulation of Capital Markets and Organized Commodity Markets* (the revised version enters into force on 27.04.2024).

• *Does the supervisory authority publish an annual report? Could it provide the Commission with translated a copy or a summary of the report? What are the powers of intervention in case of insolvency, abuses of authorisation?*

The NBU annually publishes information on its official website in accordance with the procedure established by the NBU. The NBU's annual reports are available here:

<https://bank.gov.ua/en/publications?page=1&perPage=5&search=&document=&pubCategory=1&keywords=&created from=&created to=>

Pursuant to Article 23 part three of the Law *On Financial Services and Financial Companies*, the Regulator (NBU) carries out the following types of supervision over provision of financial and/or ancillary services:

- 1) prudential supervision
- 2) market conduct supervision.

Pursuant to Article 23 part four of the Law *On Financial Services and Financial Companies*, the Regulator (NBU) carries out the supervision over provision of financial and/or ancillary services under this Law, other applicable laws and NBU regulations in the following forms:

- 1) off-site supervision
- 2) inspections (on-site supervision).

As defined in Article 24 of the Law *On Financial Services and Financial Companies*, prudential supervision is carried out by the Regulator (NBU) in order to ensure financial stability (fulfillment of obligations) of individual financial services providers, and the stability of the financial system of Ukraine in general, as well as the protection of the legitimate interests of clients of financial service providers in accordance with this Law, other applicable laws, and regulations of the Regulator (NBU).

Pursuant to Article 25 of the Law *On Financial Services and Financial Companies*, supervision over market conduct is carried out by the Regulator (NBU) with the aim of protecting the legitimate interests of clients (including consumers) of financial and support services providers, ensuring the effectiveness of the financial services market, transparency and openness of its operation, as well as ensuring the functioning of a proper competitive environment in the financial services market and increasing confidence in it.

Article 114 of the Law *On Insurance* stipulates that the Regulator (NBU) carries out state regulation and supervision of insurance and related services in the insurance market, as well as, in cases specified by applicable laws on insurance regulation, the activities of insurers' associations in accordance with this Law, Laws of Ukraine *On Financial Services and Financial Companies*, *On the National Bank of Ukraine*, other legislative acts of Ukraine and regulations of the Regulator.

In particular, for the purpose of state regulation and supervision of insurance (reinsurance) activities and when the laws on insurance, financial services, and consumer rights protection, and the Regulator's (the NBU's) regulations are violated, the NBU shall apply enforcement measures, early intervention measures, and corrective actions and impose administrative penalties.

Articles 119 – 124 of the Law *On Insurance* provide for a list of enforcement measures, early intervention measures and corrective actions, as well as the specifics and procedure for their application.

Among the enforcement measures specified in Article 121 of the Law *On Insurance* is the NBU's right to intervene in an insurer's activities (in the event of a threat of insolvency) or declare it insolvent, and Article 124 sets out the specifics of the enforcement measure of classifying an insurer insolvent.

In its turn, the NBU also has the right to intervene in the activities of an insurer in cases of violation of the law and revoke the insurance license, which gives the insurer the right to carry out its activities, and Article 123 of the Law *On Insurance* provides for the specifics of applying an enforcement measure in the form of license revocation.

Pursuant to Section I Chapter 1 paragraph 3 of Regulation *On Application by the NBU of Corrective Actions, Early Intervention Measures, Enforcement Measures in the State Regulation of Activities in the Nonbank Financial Services Markets* (NBU Board Resolution No. 183 dated 25 December 2023), the NBU applies enforcement measures, early intervention measures, and corrective actions in the cases set forth in applicable laws of Ukraine and based on the results (materials) of the following:

- 1) inspections of persons specified in Section I Chapter 2 paragraph 4 subparagraph 1 of this Regulation
- 2) off-site supervision over activities of persons specified in Section I Chapter 2 paragraph 4 subparagraph 1 of this Regulation

- 3) supervision of nonbank financial groups on a consolidated basis
- 4) supervision over market conduct, including the compliance with Ukrainian laws on consumer protection in financial services
- 5) control over compliance with the requirements of the NBU's regulations establishing requirements for the ownership structure
- 6) supervision over compliance with the requirements of Ukrainian legislation on the terms of licensing (authorization) of financial services activities.

In accordance with the Law of Ukraine *On State Regulation of Capital Markets and Organized Commodity Markets*, the NSSMC publishes annual reports on the results of its activities on its official website.

The annual report of the National Securities and Stock Market Commission highlights various aspects of the stock market state regulation. The report provides data on monitoring the activities of stock market participants and financial monitoring, information on law enforcement on the securities market, and data on licensing of professional activities on the market.

• *How is the operational independence of the supervisory authority ensured, in line with international standards and the International Association of Insurance Supervisors - (IAIS) core principles?*

The NBU's operational independence in accordance with ICP 2 Supervisory Authority standard of the International Association of Insurance Supervisors (IAIS) is achieved in the following way:

Regulatory framework – The NBU carries out state regulation and supervision on an individual and consolidated basis for insurance activities, performs the functions within the powers stipulated in the Law of Ukraine *On the National Bank of Ukraine*, the Law of Ukraine *On Financial Services and Financial Companies*, and the Law of Ukraine *On Insurance*.

The legislation stipulates that the NBU is the central bank of Ukraine, a special central body of the state administration (Article 2 of the Law *On the National Bank of Ukraine*), and any interference of public authorities, other public institutions or their officials, any legal persons or individuals in the exercise of its functions and powers (as well as those of the NBU Council, the NBU Board, or NBU employees) shall be prohibited (Article 53 of the Law *On the National Bank of Ukraine*). The NBU shall be accountable to the President of Ukraine and the Verkhovna Rada of Ukraine within their constitutional authority (in terms of appointment and dismissal of the NBU Governor, members of the NBU Council) (Article 51 of the Law *On the National Bank of Ukraine*).

Transparency and security – The Law *On the National Bank* defines the composition and procedure for forming and operating the NBU Board and its committees, appointing officials, defining responsibilities and powers, dismissing the NBU Governor, their deputies, members of the NBU Board (Articles 14-20 of

the Law *On the National Bank of Ukraine*). The powers and procedure for operating the supervisory body of the NBU – the NBU Council – are defined by Articles 8 – 13-1 of the Law *On the National Bank of Ukraine*.

The NBU shall ensure legal protection (in cases of lawsuits or engagement in administrative or criminal proceedings) of members of the NBU Board, other NBU officials, members of the NBU Council, experts involved, who are not responsible for any action or inaction if they acted on the basis of and within the powers.

The NBU declares transparency as one of its core principles and informs the public about its activities by publishing relevant information (financial statements by the NBU, annual reports by the NBU, a list of insurance market participants, financial statistics of insurance market participants, general information on enforcement measures taken in relation to market participants, etc.) on its official website and in the NBU's official publications.

As part of its regulatory activities, the NBU annually publishes an action plan for drafting regulations, the actual draft regulations, reports on baseline, regular and follow-up monitoring of the effectiveness of regulations, conducts regular meetings with insurance market representatives to discuss market issues and process feedback on the published draft regulations, etc.

However, insurance market participants may appeal in court against decisions (regulations or individual acts), action or inaction of the NBU, its officials and representatives (Article 74 of the Law *On the National Bank of Ukraine*).

Resources – The NBU is an economically independent body that carries out expenditures at the expense of its own revenues (Article 4 of the Law *On the National Bank of Ukraine*), has sufficient resources of qualified experts to ensure effective regulation and supervision on the insurance market.

Confidentiality – When supervising the insurance market, the NBU ensures the confidentiality of information in accordance with the Law *On Insurance* (Article 114), participates in international cooperation in the insurance sector, studies, summarizes, and shares international experience, and organizes the implementation of international agreements of Ukraine in the insurance sector on the basis of concluded agreements, memorandums, or in other forms.

The operational independence of the NSSMC is provided for by the Law of Ukraine *On State Regulation of Capital Markets and Organized Commodity Markets*.

Conditions of admission and licensing

● *Which conditions are required of new insurance companies by law before taking up the business of direct insurance? In particular, what are the requirements regarding:*

a) prior authorisation;

The Law of Ukraine *On Insurance* stipulates that insurers are financial institutions or branches of nonresident insurers that are authorized to carry out insurance activities in Ukraine.

In accordance with Article 11 of the Law of Ukraine *On Insurance*, a legal entity acquires the status of an insurer and the right to provide insurance services only after obtaining a license to provide insurance services (hereinafter referred to as the “License”) that is issued by the Regulator (NBU). Providing insurance services without a license is prohibited unless otherwise stipulated by said Law.

Article 8 of the Law *On Insurance* establishes incorporation requirements for insurers: insurers in Ukraine are incorporated as joint stock companies or additional liability companies (except for nonresident insurer branches).

Article 9 of the Law *On Insurance* establishes requirements for naming an insurer.

Article 11 part ten of the Law *On Insurance* provides that a legal entity intending to carry out insurance activities shall apply to the Regulator for a license within 12 months from the date of its state registration as a legal entity.

The procedure for issuing (narrowing, or expanding the scope of a license) and revoking a license to conduct insurance activities is determined by Regulation No. 199.

The authorization requirements for legal entities intending to do business in insurance are determined by Regulation No. 199 Section II, specifically:

Chapter 3 – General Terms and Conditions for the Provision of Financial Services

Chapter 4 – Requirements for Naming and Using Trademarks

Chapter 5 – Requirements for the Website/Websites of a Financial Services Provider

Chapter 6 – General Requirements for Premises and Accounting Systems

Chapter 7 – General Requirements for Constituent Documents and Internal Documents on the Provision of Financial Services

Chapter 8 – Additional Requirements for Carrying Out Insurance Activities

Chapter 14 – Requirements for the Financial Standing of Nonbank Financial Institutions

Chapter 15 – General Requirements for the Management Systems and for the Managers and Key Function Holders of Financial Service Providers

Chapter 16 – Requirements for Opening Standalone Units of Financial Services Providers in Ukraine.

b) schemes of operations / soundness of business plan;

Under Article 12 part two paragraph 2 of the Law *On Insurance*, to apply for a license, the applicant shall submit to the Regulator, as per the requirements and in the order and form prescribed by the Regulator's regulations, the following documents and information: the strategy and business plan of the applicant for the next three years.

As per Article 13 part eight paragraph 5 of the Law *On Insurance*, the Regulator shall have the right to refuse to issue a license if the applicant's strategy and/or the business plan are ungrounded and/or unrealistic (i.e. based on unrealistic data, including assumptions and projections that cannot be confirmed with calculations).

Article 21 of the Law *On Insurance* stipulates that a legal entity that intends to provide insurance services shall draw up a business plan for the next three calendar years and the coming quarters of the current year, starting from the first day of the quarter that follows the quarter in which the package of documents to apply for a license was submitted to the Regulator (NBU). The list of information that shall be included in the business plan, requirements for the business plan, the list of supporting documents, procedure for submitting the business plan (amended business plan), and amendments to it are stipulated by the Regulator's regulations. The insurer shall take measures to comply with the business plan during the entire period for which such a plan has been drawn up.

The requirements for drawing up an insurer's strategy and business plan are established by Section VII Chapter 51 paragraphs 557 and 559 of Regulation No. 199.

In particular, the business plan must contain information regarding:

- 1) an applicant as of the date they submit the package of documents (material and technical assets, personnel, structural units, intangible assets, participation in other legal entities)
- 2) business environment of an applicant (market research, competitors) considering a bank's geography of business activity
- 3) business development of an applicant (goal, objectives)
- 4) business model of an applicant (general procedure for providing financial services, the purpose of engagement of third parties in provision of financial services, potential financial services consumers, the pricing policy)
- 5) specialization of an applicant on the nonbank financial services market (SWOT analysis, competitive position)
- 6) applicant's business spending intentions [material and technical base and software (computers, accounting systems [for insurers – information systems], other equipment and software required for providing financial services and reporting to the NBU), premises (owned or leased), staff management, advertising, use of trademarks and websites]. Spending intentions of an applicant are planned for

each year separately, taking into account favorable and adverse scenarios of the applicant's business activity.

7) applicant's financial plan (projected regulatory balance sheet and data on performance indicators, with disclosure of assets, liabilities, equity, subordinated debt, and income and expenses for each of the next three financial years), supplemented with analysis of favorable and adverse scenarios, including justification for assumptions for such estimates with explanations on material deviations

8) factors that may affect the applicant's operation in an adverse scenario and mitigation measures

9) information on financing needs, increase in authorized (paid-in) capital, amount of financing, terms, and sources of such funds

10) plan by an applicant and/or the applicant's qualifying holder to establish other legal entities and/or acquire shares/assets of other legal entities. If such intentions exist, they shall include a description of the impact on activity and financial position of an applicant.

11) intentions of selling the business or changing the owners of a qualifying holding in the applicant/emergence of new owners of a qualifying holding in the applicant.

The insurer's business plan must be approved by the insurer's supervisory board.

c) *suitability of shareholders / owners;*

Article 10 of the Law *On Insurance* provides for a list of persons who may/may not be members of an insurer. In addition, Article 10 of the Law *On Insurance* provides that founders or owners of qualifying holding in an insurer shall have an impeccable business reputation and a satisfactory financial/property standing.

According to Article 12 part one paragraphs 3 and 5 of the Law *On Insurance*, the applicant for a license shall submit the following documents and information to the Regulator in accordance with the requirements, in the manner and in the form established by the Regulator's regulations. Specifically: documents and information for identification and assessment of the business reputation of the founders (for a founder that is a legal entity – also that of the members of the executive body and/or supervisory board) and all individuals who indirectly own a qualifying holding in the applicant; documents and information for assessing the financial standing of the founders that are legal entities, the property status of the founders that are individuals, as well as the financial/property status of all persons that indirectly own a qualifying holding in the applicant, and the sources of funds for the applicant's authorized capital.

According to Article 12 part two of the Law *On Insurance*, the founders and qualifying holders of the applicant shall confirm to the Regulator that their financial/property status and business reputation meet the requirements established by Ukrainian legislation.

Article 13 part eight paragraphs 8–10 of the Law *On Insurance* stipulate that the Regulator shall have a right to refuse a license if: the business reputation of the founder (if the founder is a legal entity, then also that of the business reputation of the members of the executive body and/or supervisory board thereof) or at least one person who indirectly owns a qualifying holding in the applicant, does not comply with requirements set by the Regulator's regulations, and if the financial/property standing of the founder that is the legal entity and/or financial/property standing of the founder that is an individual, and/or the financial/property standing of at least one person who indirectly owns a qualifying holding in the applicant does not comply with the requirements set by the regulations of the Regulator; the ownership structure of the applicant and/or the person that directly or indirectly owns a qualifying holding in the applicant does not meet the requirements established by the Regulator's regulations.

Assessment of financial standing of legal entities and individuals, property status of individuals, and business reputation of legal entities and individuals is carried out in accordance with Regulation No. 199 Section V.

d) limiting itself to the business of insurance;

Under Article 3 part six of the Law *On Insurance*, the exclusive lines of insurer's business comprise insurance, including provision of guarantees as per Article 11 part four of the Law *On Insurance*, and provision of ancillary services on the insurance market. Insurer can also engage in business activities to meet their own needs, taking into account restrictions established by the Law.

Article 11 part four of the Law *On Insurance* specifies that the insurer, with a license to carry out insurance activities and in the cases specified by law, has the right to render guarantee provision services in the manner determined by the regulations of the Regulator (NBU). In line with Regulation No. 199, the insurer may provide guarantees under the Customs Code of Ukraine by concluding a liability insurance agreement.

According to Article 3 part five of the Law *On Insurance*, insurance activities include: direct insurance according to the classes of insurance defined by Article 4 of the Law *On Insurance*; reinsurance according to insurance classes defined by Article 4 of the Law *On Insurance*; activities related to the management of the insurer's assets; activities to sell insurance products of the insurer in accordance with the Law *On Insurance*; other activities related to the implementation of direct insurance and/or reinsurance as defined by the Regulator's regulations.

According to Article 11 parts seven and eight of the Law *On Insurance*, an insurer may not simultaneously hold a license to carry out direct insurance and/or

inward reinsurance under classes of insurance other than life insurance and under classes of life insurance, except in the following cases (hereinafter referred to as health insurance):

(1) An insurer that has been issued a license to carry out direct insurance and/or inward reinsurance exclusively under insurance classes 1 and/or 2 may obtain a license to carry out direct insurance and/or inward reinsurance under life insurance classes.

(2) An insurer that has been issued a license to carry out direct insurance and/or inward reinsurance under life insurance classes may obtain a license to carry out direct insurance and/or inward reinsurance under insurance classes 1 and/or 2.

An insurer that has been issued a license to carry out direct insurance and/or inward reinsurance under the classes of life insurance (against major risks) may, without obtaining a license to carry out insurance against risks included in classes 1 and/or 2, carry out insurance of these auxiliary risks in compliance with the conditions defined by Article 11 part eight of the Law *On Insurance*.

e) legal form;

Under Article 8 part one of the Law *On Insurance*, insurers in Ukraine shall be incorporated as joint stock companies or additional liability companies (except for nonresident insurer branches).

Section XV paragraph 12 of the Law *On Insurance* provides that from the date of entry into force of the Law *On Insurance*, an insurer shall be incorporated exclusively in the form of a joint-stock company.

The prerequisites for opening branches in Ukraine by nonresident insurers are determined by Article 7 of the Law *On Insurance*.

f) needs test?

Legislation sets no requirements for assessing an insurer's needs. As mentioned in the response to question 38 (b) above, the insurer submits to the Regulator the applicant's strategy and business plan for the next three years. The requirements for the insurer's strategy are established by Section VII Chapter 51 paragraph 559 of Regulation No. 199, which stipulates that the insurer's strategy shall contain information about: the insurer's development concept, its strategic goals and ways to achieve them; goals of the insurer's business development (risk management strategy, tariff policy, strategy to ensure the quality of customer service, participation in nonbank financial groups with an indication of their type, parent company and field of activity, and participation in professional associations in cases specified by Ukrainian legislation).

According to Section VII Chapter 51 paragraph 557 of Regulation No. 199, the insurer's business plan must include information regarding: the applicant's

economic environment (marketing research of the market and competitors), taking into account the region of operation; development of the applicant's business (purpose of inception, objectives); business model of the applicant (general procedure for providing financial services, the purpose of engagement of third parties in provision of financial services, potential consumers of financial services, the pricing policy); and the specialization of the applicant in the market for nonbank financial services (SWOT analysis, competitive position).

As per Article 13 part eight paragraph 5 of the Law *On Insurance*, the Regulator shall have the right to refuse to issue a license if the applicant's strategy and/or the business plan are ungrounded and/or unrealistic (i.e. based on unrealistic data, including assumptions and projections that cannot be confirmed with calculations).

• *What are the rules applicable to insurance intermediaries operating? What conditions do they have to fulfil before they may take up their business (e.g. registration, tests, professional requirements)?*

From 1 January 2025, the Law on insurance establishes key requirements for providing intermediary services in the insurance market.

Until the date of entering into force Section XII *Sale of Insurance and Reinsurance Products* (on 1 January 2025), activities of insurance intermediaries are regulated by paragraph 5 of Section XV *Final and Transitional Provisions* of the new Law on insurance and Regulation *On Registering Insurance and Reinsurance Brokers and Terms of Operation of Insurance Intermediaries* approved by NBU Resolution No. 135 dated 30 June 2022 (as amended).

Insurance and reinsurance brokers and insurance agents are insurance intermediaries in Ukraine.

Insurance agents act on behalf and upon instruction of an insurers and perform part of the insurance activities (conclude insurance agreements, receive insurance premiums, perform work related to making insurance payments and insurance payouts). Insurance agents represent an insurer and act for remuneration on behalf of the insurer based on an insurance agreement concluded with the insurer. No requirements to a separate registration, qualification, and training of such insurance agents have been set out.

As regards the insurance and reinsurance brokers, in line with paragraphs 5 and 6 of Section XV *Final and Transitional Provisions* of the Law on insurance, before starting the intermediary business, they are required to register with the state register of insurance and reinsurance brokers in accordance with the requirements established by the supervisory authority (requirements for professional suitability, including requirements for training and improvement of professional skills of the broker (broker's manager) confirmed by respective documents on the broker's training (a certificate or diploma issued by educational services providers), requirements to maintain separate current accounts for transactions under insurance (reinsurance) agreements and business transactions, the obligation

to have its own website and disclose information on the procedure for providing intermediary services to clients).

From 1 January 2025, Section XII of the Law *On Insurance* establishing requirements for activities of insurance intermediaries comes into force. Insurance agents, additional insurance agents, subagents, insurance and reinsurance brokers would be able to sell insurance and reinsurance products only after their registration with the Register of Insurance Intermediaries, and they are required to meet the relevant requirements (impeccable business reputation, proven level of knowledge, and the conclusion of an agreement on liability insurance of an insurance intermediary). The Law also sets out requirements to training and professional development of insurance intermediaries (training before starting their activities and every three years afterwards) and providing guarantees of their professional activity (by concluding a agreement on liability insurance of an insurance intermediary, maintaining two separate accounts for business and insurance intermediary activities).

As regards activities of nonresident insurance intermediaries, according to applicable law and amendments made into it, they may carry out activities in Ukraine provided they submitted a written notice to the NBU according to the form established by it on their intention to carry out activities in Ukraine. There are no additional requirements for their professional suitability and respectability.

Conditions of operation

• *What is the definition of solvency margin?*

The current Law *On Insurance* requires that, in order to ensure the insurer's solvency, the amount of eligible regulatory capital to meet the solvency capital requirements exceeds the amount of solvency capital, and the amount of eligible regulatory capital to meet the minimum capital requirements exceeds the minimum capital. These requirements are set out in Article of the Law *On Insurance* and are similar to requirements in Directive 2009/138/EU (Solvency II). There is no legal definition of the term “solvency margin”, but based on the mentioned requirements, the solvency margin means the difference between the eligible regulatory capital to meet the solvency capital requirements and the solvency capital itself. Also, in accordance with Article 38 of this Law, the calculation of solvency capital and minimum capital is carried out according to one of the following approaches: the basic approach in accordance with Articles 39 and 40 of this Law (which provides for the calculation in accordance with Directive 2009/138/EC) and the simplified approach in accordance with Article 41 of this Law (which provides for the calculation in accordance with EU Directives preceding Directive 2009/138/EC). At the same time, calculations under the basic approach must be applied by insurers that meet at least one of the criteria set out in Article 38 part 5 as of 1 January 2027. Prior to this date, all insurers must apply the simplified approach to calculate solvency capital and minimum capital

The procedure and requirements to calculating regulatory capital, solvency capital and minimum capital under the simplified approach, requirements to assets for covering technical reserves, as well as requirements to insurer investments are set out in Regulation *On Establishing Requirements for Ensuring Insurer's Solvency and Investment Activities*, approved by NBU Board Resolution No. 201 dated 29 December 2023 (Resolution No. 201).

● ***What are the minimum levels of capital / minimum guarantee fund?***

In line with the Law *On Insurance* that entered into effect on 1 January 2024, insurer's authorized capital shall not be lower than insurer's minimum capital, thus it cannot be lower than the following absolute values

1) UAH 32 million for an insurer that was granted a direct business license for one or more nonlife insurance classes, save for insurance classes set out in paragraph 2

2) UAH 48 million for an insurer that was granted a direct business license for one or more insurance classes, such as 10 (Motor vehicle liability), 11 (Aircraft liability), 12 (Liability for ships (sea, lake and river and canal vessels), 13 (General liability), 14 (Credit), and 15 (Suretyship). This condition does not apply to direct business under insurance class 13 (general liability) if the insurance license contains restrictions and/or specifics for this class set by the NBU regulations that may permit a simplified approach to capital, solvency and minimum capital calculations.

3) UAH 48 million for an insurer that was granted a direct business license for one or more life insurance classes

4) UAH 48 million for an insurer with a license on assumed reinsurance, provided that during a calendar year the gross premium on assumed reinsurance agreement exceeds 10 percent of the gross insurance premium or exceeds UAH 7 million.

● ***What are the rules for investing funds of an insurance company (e.g. diversification, limits on the amounts)?***

Article 44 of the Law *On Insurance* sets out key principles of investment as follows:

1) An insurer is obligated to maintain eligible asset enough to cover technical provisions. The list, features, and requirements to assets eligible for covering technical provisions are prescribed by regulations of the NBU.

2) Investments in assets to cover technical reserves should compliance with obligations under insurance (reinsurance) contracts. Investments should align as much as possible with the nature, currency, and maturity of liabilities inherent in insurance (reinsurance) agreements. Requirements to assets quality, liquidity, and

diversification for covering technical provisions are prescribed by regulations of the NBU.

3) Assets raised to cover technical provisions cannot be pledged to secure discharge of liabilities other than liabilities under insurance (reinsurance) agreements.

4) Assets raised to cover technical provisions under insurance agreements of life insurance classes (save for unit-linked insurance) are not the property of the insurer and cannot be pledged to secure discharge of liabilities other than liabilities under insurance agreements.

5) The list of assets to cover technical provisions of an insurer is compiled in a separate asset register, where records are kept in line with the NBU regulations.

Regulation No. 210 sets additional restrictions to all available FX assets and liabilities of an insurer, specifically: total currency position of an insurer cannot exceed 20% of the insurer's regulatory capital. At the same time, considering martial law in Ukraine and restrictions on purchasing foreign currency imposed on all business entities in Ukraine, these requirements are postponed for the period of 1 year after the end of martial law in Ukraine.

Also, to comply with all requirements to insurer's solvency set out in Regulation No. 201, a list of eligible assets was prescribed that includes assets eligible for calculating regulatory capital of an insurer, as well as limits for each group (type) of assets, and for asset concentration from one person/per one item.

Furthermore, assets eligible to cover technical provisions are subject to restrictions of Regulation No. 201 regarding consistency of the currency of technical provisions with the currency of assets covering technical provisions eligible for calculating regulatory capital of an insurer, as well as limits for each group (type) of assets.

Limits for different asset categories are set minding the current development and regulation conditions on the market, which instruments are authorized for instrument of insurer funds, as well as security, quality, and liquidity of said assets considering their possible change.

The table below sets out limits for individual group (type) of assets:

Asset defined in Section 6 of Regulation No. 201	Maximum asset size to be included in eligible assets			
	for calculating regulatory capital [% of solvency capital and total insurer's liabilities]		for covering technical provisions (% of technical provisions)	
	according to life	according to non-life	according to life	according to non-life

	reinsurance classes	reinsurance classes	reinsurance classes	reinsurance classes
Current accounts, bank deposits and escrow accounts	In full		In full	
Real estate	20%, one real estate item – 10%		20%, one real estate item – 10%	
Securities according to the following list:	30%		30%	
Ukrainian shares	3%		3%	
foreign shares	10%	3%	10%	3%
Ukrainian corporate bonds	10%		10%	
foreign corporate bonds	10%		10%	
foreign state securities, bonds of international financial institutions	20%		20%	
domestic municipal bonds	10%		10%	
Government bonds of Ukraine (save for external government debt securities of Ukraine purchased/acquired after 1 January 2024):				
maturity not exceeding one year and six months	90%	80%	90%	80%
maturity exceeding one year and six months	80%	60%	80%	60%
Technical provisions covering outwards reinsurance agreements				

loss provisions covering outwards reinsurance agreements	In full		In full	
technical provisions covering outwards risk reinsurance agreement under insurance class 13, raised by a nuclear insurance pool and/or an authorized entity acting on behalf of insurers that are part of the nuclear insurance pool	In full		In full	
other technical provisions covering outwards reinsurance agreements	In full		50% technical provisions for respective insurance classes	
Loans to individual policyholders	In full	Not applicable	20%	Not applicable
Cash	3%		3%	
Balances of centralized insurance emergency funds of the Motor (Transport) Insurance Bureau of Ukraine	Not applicable	In full	Not applicable	In full
Accounts receivable with restrictions set out in Regulation No. 201	In full		0%	
Right-of-use assets in accordance with IFRS 16 Leases	In full		0%	

Also, when calculating the regulatory capital, there are limits to asset concentration limits per one person:

1) per one legal person in the amount not exceeding (not applicable to government securities):

35% of solvency capital and total liabilities of an insurer if eligible assets from one person include bank deposits or technical provisions covering outwards reinsurance agreements

10% of solvency capital and total liabilities of an insurer if eligible assets from one person don't include bank deposits or technical provisions covering outwards reinsurance agreements

2) business related to an insurer at the amount not exceeding (not applicable to technical provisions covering outwards reinsurance agreements and government securities):

35% of solvency capital and total liabilities of an insurer if eligible assets from related parties include bank deposits;

10% of solvency capital and total liabilities of an insurer if eligible assets from related parties don't include bank deposits.

● ***What are the rules relating to distance marketing of insurance contracts?***

The remote sale of insurance contracts is regulated by:

Law On Financial Services and Financial Companies

Law On Insurance

Law of Ukraine On Electronic Documents and Electronic Document Flow No. 851-IV dated 22 May 2003

Law of Ukraine On Electronic Trust Services No. 2055-VIII dated 5 October 2017

Law of Ukraine On Electronic Commerce No. 675-VIII dated 3 September 2015.

Article 981 of the Civil Code of Ukraine (the CCU) provides that an insurance agreement must be executed in written form established by the CCU. Under Article 207 part one of the CCU, the deed is considered to be executed in written form if its content is recorded in one or several documents (including electronic ones), in letters and/or telegrams that parties exchanged or sent to the information and communication system used by the parties.

Article 639 of the Civil Code of Ukraine states that an agreement may be concluded in any form, unless a specific form is prescribed by law. If the parties have agreed to enter into an agreement in a certain form, the agreement is deemed to be concluded from the moment it takes this form, even if the law does not establish a mandatory form for agreement of this type. If the parties have agreed to conclude an agreement by means of information and communication systems, it shall be deemed to be concluded in written form.

Article 9 part two of the *Law On Financial Services and Financial Companies* stipulates that a financial service agreement (except for an agreement the subject of which is a service of trading in currency valuables or execution of payment transaction, provided that the liabilities under the relevant transactions are fully fulfilled by the parties at the time of their execution) shall be concluded exclusively

in written form in compliance with the requirements of the Civil Code of Ukraine established for the written form of a transaction:

- 1) in the paper form, or
- 2) in the form of an electronic document created in line with the requirements of the Law of Ukraine *On Electronic Documents and Electronic Documents Flow*, or
- 3) in the manner prescribed by the Law of Ukraine *On Electronic Commerce*.

The above mentioned article of the Law *On Financial Services and Financial Companies* defines the specifics of entering into an insurance agreement depending on the form in which it is concluded.

Pursuant to Article 97 of the Law *On Insurance*, an insurance agreement shall be concluded exclusively in written form in compliance with the requirements of the Civil Code of Ukraine established for the written form of an agreement, and shall be executed in the paper form or in the form of an electronic document created in line with the requirements prescribed by the Law of Ukraine *On Electronic Documents and Electronic Documents Flow* or in accordance with the procedure provided for by the Law of Ukraine *On Electronic Commerce*.

Article 89 part two of the Law *On Insurance* lists all the details and conditions that must be included in the insurance agreement.

The requirements for an insurance agreement concluded with a consumer in the form of an electronic document are set out in the Regulation *On Specifics of Concluding Insurance Agreements with Consumers*, approved by NBU Board Resolution No. 175 dated 20 December 2023.

The procedure for the use of electronic signatures and electronic seals in creating, processing, and storing electronic documents in the banking system of Ukraine and in the nonbank financial services markets that are subject to state regulation and supervision by the NBU, as well as in providing payment services is prescribed by the Regulation *On Use of Electronic Signature and Electronic Seal* approved by NBU Board Resolution No. 172 dated 20 December 2023.

The procedure for executing electronic documents is set out in the Law of Ukraine *On Electronic Commerce*. Pursuant to Article 2 part two of the Law of Ukraine *On Electronic Commerce*, this Law applies to remote banking customer service systems, payment services (including services of e-money issue and e-money transactions), insurance and other services regulated by special legislation only in respect of transactions executed in electronic form, without prejudice to special laws of Ukraine regulating the provision of remote services, payment and insurance services, electronic commerce including the Laws of Ukraine *On Electronic Documents and Electronic Document Flow*, *On Electronic Identification and Electronic Trust Services*, *On Payment Services*, *On Financial Services and Finance Companies*, *On Banks and Banking*, and *On Insurance*.

Information provided to the supervisory authority

● *Which rules apply to insurance companies with regard to the format of the balance sheet, net or gross presentation, acquisition costs (profit and loss accounts), valuation of investments (historical vs. current value), unrealised investment gains?*

Insurance companies shall prepare:

1) *financial statements* in accordance with:

Law of Ukraine *On Accounting and Financial Reporting in Ukraine*, which provides for the application of International Financial Reporting Standards (IFRS)

Resolution No. 419 of the Cabinet of Ministers of Ukraine *On Approval of the Procedure for Submitting Financial Statements* dated 28 December 2000

At the same time, in line with the Law of Ukraine *On Protecting Interests of Entities Submitting Reports and Other Documents During Martial Law or State of War*, for the period of martial law or a state of war, as well as for three months after its termination, insurers, as well as other legal entities, are not subject to administrative and/or criminal liability for failure to submit or late submission of financial statements.

Insurers shall submit financial and audit reports within three months after the termination or lifting of martial law or a state of war for the whole period during which they failed to submit reports or had the obligation to submit the documents. Similar conditions apply to the disclosure of financial statements, the auditor's report, and the management report.

At the same time, for the period of martial law, insurers are free to make their own decisions on the submission of financial statements and their publication on their websites.

The annual financial statements include:

a) Statement of Financial Position (balance sheet)

b) Statement of Profit or Loss and Other Comprehensive Income

c) Statement of Change in Equity

d) Statement of Cash Flows

e) notes containing a description of significant accounting policies and other explanations.

The Management Report shall be submitted together with the annual financial statements.

The annual and interim financial statements of insurance companies are prepared on the basis of the IFRS Financial Reporting Taxonomy in a single electronic format (iXBRL).

The Statement of Financial Position (balance sheet) as part of the financial statements is prepared based on the IFRS Taxonomy of Financial Statements published in Ukrainian on the official website of the central executive body that ensures the formation and implementation of state policy in the field of accounting and auditing (the Ministry of Finance of Ukraine). The Statement of Financial Position, as part of the financial statements published on the websites of insurance companies, is submitted to the Financial Reporting Collection Center (operated by the National Securities and Stock Market Commission) and the NBU. The format of this report differs from the format of the regulatory balance sheet, which is also submitted to the NBU.

For the purpose of financial reporting, assets and liabilities are assessed in line with IFRS (in particular, IFRS 17 Insurance Contracts, which is applicable in Ukraine from 1 January 2023). Financial performance (profits and losses) and acquisition costs are also reflected in the financial statements in line with IFRS.

Investments are assessed in accordance with the requirements of IFRS 9 Financial Instruments (IFRS 9): at fair value through profit or loss, at fair value through other comprehensive income, at amortized cost depending on the business model and passing the SPPI test. Unrealized earnings on investments are recognized in the financial statements in accordance with IFRS.

2) *regulatory reporting* in line with the NBU Board Resolution No. 123 *On Approval of the Rules for the Compilation and Submission of Reports by Participants of the Nonbanking Financial Services Market to the National Bank of Ukraine* dated 25 November 2021.

Assets and liabilities for regulatory reporting are also assessed in line with international financial reporting standards (save for assessment of technical provisions for regulatory reporting conducted pursuant to the requirements of the NBU).

Insurers also submit a balance sheet to the NBU as part of their regulatory reporting with detailed information on the following items:

I. ASSETS:

Intangible Assets (residual value)

Real estate (residual value)

Other fixed assets (residual value)

Contributions by an insurer participating in a financial group to the authorized capital of other insurers participating in that financial group

Shares

Bonds

Other investment (residents)

Other investment (nonresidents)

Loans and mortgages (other than loans to policyholders)
Loans to policyholders
Technical provisions covering outwards reinsurance agreements
Deposits with reinsurers
Receivables from insurance and reinsurance transactions
Balances of centralized insurance emergency funds of the Motor (Transport)
Insurance Bureau of Ukraine
Balances in other specialized reserve funds
Funds on the current account
Funds on escrow accounts
Bank deposits
Cash
Other receivables (other than insurance and reinsurance receivables)
Expected income from recourse/subrogation
Right-of-use assets in accordance with IFRS 16 Leases
Other assets not included in the preceding balance sheet asset items
Total assets

II. EQUITY AND PROVISIONS:

Statutory capital
Contributions to unregistered authorized capital
Share premium
Treasury shares
Unpaid capital
Non-qualifying holding in the capital
Reserve capital
Revaluation reserve
Revaluation reserve for property, equipment, and intangible assets
Other reserves
Retained earnings/(uncovered loss) of previous periods
Profit (loss) for the reporting period
Reconciliation reserve
Total equity and reserves

III. LIABILITIES AND COLLATERAL:

Lease liabilities under IFRS 16 Leases
Technical Provisions
Liabilities under issued guarantees
Liabilities to credit institutions (banks)
Bills of exchange issued
Financial liabilities on issued debt securities
Payables on insurance and reinsurance transactions
Payables other than payables on insurance and reinsurance transactions
Other collateral and liabilities
Other collateral and liabilities, total
Subordinated debt

IV. OFF-BALANCE SHEET LIABILITIES

Off-balance sheet liabilities (guarantees)
Other off-balance sheet liabilities

The balance sheet is broken down by currencies. In the balance sheet for regulatory reporting, technical provisions are disclosed by business lines and include information on the types of technical provisions.

The income statement in the regulatory reporting contains accrual-based indicators to determining insurer's income and expenses (accrued insurance and reinsurance premiums, insurance and reinsurance claims, acquisition costs, contract servicing costs, claims settlement costs, etc.)

Regulatory reporting provides for disclosure of acquisition costs and other insurance expenses, determination of the categories of expenses to be recognized as acquisition or other expenses, and requirements for a breakdown by business lines.

Investments for regulatory reporting are evaluated and accounted for in accordance with international financial reporting standards.

• *What specific rules apply to the publication of annual accounts of insurance companies?*

Insurers compile their financial statements in accordance with international financial reporting standards, on the basis of financial reporting taxonomy as set forth in international standards, and in a single electronic format. These statements are then submitted to the financial reporting center. Insurers shall prepare and submit their financial statements in accordance with the Law of Ukraine *On Accounting and Financial Reporting in Ukraine*. These reports are freely available to all users.

What is more, this same law requires insurers to post their financial statements in full on their websites, together with an auditor's report, no later than 30 April of

the year after the reporting period. Insurers are also required to disclose reports and other information specified by the Regulation *On Disclosure of Information by Nonbank Financial Institutions* approved by NBU Board Resolution No. 114 dated 5 November 2021. Among other things, this regulation imposes an obligation on insurers to disclose information on their key performance indicators based on the regulatory reports they submit to the NBU by posting these key indicators on their own website.

● ***Which annual accounting, prudential and statistical information is the insurance undertaking required to give to the supervisory authority in respect of its business?***

The insurance companies are shall submit to the NBU the following reporting:

1) financial reporting (consolidated financial statements), including annual financial statements and consolidated financial statements along with the independent auditor's opinion and management report (consolidated management report). These reports are compiled and submitted on the basis of financial reporting taxonomy, in line with international standards and in a standard electronic format, to the center for collecting financial statements, as set forth in the Law *On Accounting and Financial Reporting in Ukraine* and the Procedure for Submitting Financial Statements approved by Resolution of the Cabinet of Ministers of Ukraine No. 419 dated 28 February 2000.

2) reporting data (except for financial statements and consolidated financial statements) provided for in the Rules for the Compilation and Filing of Reports to the National Bank of Ukraine by Nonbank Financial Services Market Participants approved by NBU Board Resolution No. 123 dated 25 November 2021. They include:

reinsurance operations

acquiring/revaluation of real estate

calculations of insurer's solvency

accounts receivable and payable

insurance payments and known events that have attributes of insured events (claimed losses)

received / issued loans, borrowings, financial aid, credits

major insurer's deeds

development of losses and other insurer performance indicators (triangles)

quantity of insurer agreements, insured individuals and insured events

number of insurer's employees and intermediaries

insurer effectiveness ratios

regulatory balance sheet

structure of assets and calculation of compliance with the ratios of insurer solvency

explanatory note to report

3) any other information required according to certain regulations and the Law on Insurance, as well as any other information, which the insurers shall be obliged to submit to the NBU to ensure the implementation by the central bank of its powers established by law.

● ***What are the rules governing on-site inspections / on the spot inspections?***

Pursuant to Article 23 part four of the *Law On Financial Services and Financial Companies*, the regulator carries out the supervision over provision of financial and/or ancillary services under this Law, special laws and NBU regulations in the following forms:

- 1) off-site supervision
- 2) inspections (on-site supervision).

The specifics of conducting inspections by the regulator is established in Article 23 part five of the *Law On Financial Services and Financial Companies*. The grounds, procedure for conducting inspections, and types of inspections that are conducted by the regulator are laid out in Article 116 of the *Law On Insurance*.

Pursuant to Article 114 part three paragraphs 9, 11, and 16 of the *Law On Insurance*, in state regulation and supervision of insurance (reinsurance) activities the regulator shall conduct off-site supervision and inspections of insurers, insurance groups, branches of nonresident insurers and insurance intermediaries; inspecting independently or jointly with other state authorities the activities of the participants of insurance market (except customers), as well as legal entities and individuals that operate on the insurance market and for whom the statutory requirements on authorization are set; conduct thematic inspections of insurers based on analysis of macroeconomic indicators and risks impacting the insurers' operation.

Pursuant to Article 116 part one to three of the *Law On Insurance*, the Regulator shall conduct inspections of insurers, branches of nonresident insurers, insurance intermediaries, and insurance groups according to the procedure and requirements set by this Law and NBU regulations. The inspections are conducted in order to establish the level of safety and stability of the insurer and/or insurance group operations, accuracy of reporting of insurer and/or insurance group, compliance with the requirements of Ukrainian laws in the area of financial services, including NBU's regulations. Inspections can be scheduled and unscheduled.

The grounds for conducting unscheduled inspection are established in Article 116 part five of the *Law On Insurance*.

Pursuant to Article 116 part six of the Law *On Insurance* the insurer is obliged to ensure the proper conditions for inspecting and the access in business hours to all premises of the insurer to the regulator's employees authorized to conduct inspection (hereinafter in this Article referred to as the "authorized persons"). The managers and employees of the insurer are obliged to ensure the free of charge access in a view mode for the authorized persons to all information systems of the insurer, as required to conduct the inspection, selection and upload of required information for further analysis, advise on any matters about the functioning of the systems, as well as information, documents, and written explanations on matters concerning the insurer's activities. The insurer managers are obliged to provide free of charge to the authorized persons the information, copies of documents, including those stored in information systems of the insurer, as prescribed by the NBU regulations. The authorized persons are entitled to receive from the insurer the information, documents and copies thereof, written explanations on insurer activity issues, verbal explanations of managers and/or employees, withdraw (carry out from the premises) written explanations, and make copies and withdraw (carry out from the premises) them, including those that testify to the violations of the Ukrainian laws, including the NBU's regulations. The regulator and authorized persons are not allowed to provide the materials on inspection to third parties if there are no facts of violations of law in the materials of inspection, except for the cases established in Article 12 of the Law of Ukraine *On Financial Services and Financial Companies*.

The specifics of the process for organizing and conducting inspections by the NBU of the supervised entities and for formalizing their results is established in the Regulation *On Organizing and Conducting Inspections on Nonbank Financial Services Markets*, approved by NBU Board Resolution No. 167 dated 20 December 2023 .

The procedure for performing offsite supervision is set in the Regulation *On the Off-Site Supervision of the Provision of Financial and Ancillary Services*, approved by NBU Board Resolution No. 162 dated 14 December 2023.

Compulsory insurance

• ***Which insurances are compulsory (i.e. medical, hunting, architect, building, aircraft, lawyer's liability insurance)?***

As of 1 January 2024, the Law *On Insurance* abolished all mandatory types of insurance, except for compulsory insurance against civil liability in respect of the use of land motor vehicles (MTPL), which is regulated by a separate special law, by replacing compulsory insurance with a mandatory availability of an insurance contract.

For these purposes the amendments were made to several area-specific laws on establishing the duty for concluding the agreement to implement certain legal relations, including:

- for certain categories of persons whose professional activities are related with the risk of damage to their life or health (life and health insurance of health professionals of certain specialties, veterinarians, drivers, etc.)

- for transportations by different types of transport (liability insurance of carriers of passengers, dangerous cargos, etc.)

- for risky activities (liability insurance of fire-hazard enterprises, mining enterprises, works on humanitarian demining, clinical trials, nuclear installation operator, gun owners, etc.)

The procedure and conditions of such insurance may be defined by the central executive body that ensures the formulation and implementation of the state policy in respective area of legal relations, which are required to conclude an insurance agreement under the NBU approval.

● ***What are the specific legal provisions relating to compulsory insurance to be fulfilled by an insurance company?***

Unlike the previous regulation, which required obtaining a separate license for each type of compulsory insurance, from 1 January 2024, the Law *On insurance* changed the approach to licensing insurers and does not provide for separate licenses for compulsory insurance.

Insurance agreements whose mandatory availability is determined by law shall be carried out by insurers based on a license that includes the right to carry out insurance activities in the relevant class of insurance.

Additional requirements are established for insurers that carry out the following activities:

1) insurance of the motor third-party liability (MTPL) in line with the law of Ukraine *On Mandatory Civil and Legal liability Insurance for Motor Vehicles Owners* No. 1961-IV dated 1 July 2024 and Section II Chapter 8 of Regulation No. 199

2) insurance of the liability of a nuclear site operator against nuclear damage that may be caused by a nuclear incident in line with Law of Ukraine *On Civil Liability for Nuclear Damage and Respective Financial Collateral* and Section II Chapter 8 of Regulation No. 199

3) insurance of agricultural risks with state support in line with the Law of Ukraine *On Specifics of Insuring Agricultural Products with State Support* No. 4391-VI dated 9 February 2012 and Regulation *On Carrying out Activities on Insurance of Agricultural Risks with State Support* approved by NBU Board Resolution No. 108 dated 20 October 2021

4) insurance of the liability of a person entrusted with a duty to pay customs duties for failure to fulfil such a duty and acting as a guarantor in accordance with

the provisions of the Customs Code of Ukraine, namely, Article 316 of the Customs Code of Ukraine and Section II Chapter 8 of Regulation No. 199.

When carrying out activities related to the conclusion of other insurance agreements, the obligatory nature of which is determined by law, no additional requirements are set for insurers, including requirements at the level of laws, except for the availability of a license that includes the right to carry out insurance activities in the relevant class.

The conclusion and performance of such insurance agreements that are mandatory for conclusion under the relevant laws, shall be carried out on the general grounds set forth in the Law on insurance (Section XIII).

The specifics of the procedure and terms of such insurance may be defined by the central executive body that ensures the formulation and implementation of the state policy in the respective area of legal relations under the NBU approval.

Motor insurance

• *Is motor insurance compulsory in your country?*

The liability insurance of the owners of motor vehicles is compulsory according to Law of Ukraine No. 1961-IV *On Mandatory Civil and Legal Liability Insurance for Motor Vehicles Owners* dated 1 July 2004 (MTPL Law).

• *What are the damages covered (esp. both damages to things and injuries to persons)? Are there exclusions in the persons covered?*

Current regulation:

According to the MTPL Law, the losses caused as a result of damages to life, health and/or property of a person who suffered as a result of a motorized vehicle accident are subject to compensation.

Said law covers passenger cars, trailers to passenger cars, buses, cargo trucks, trailers to trucks, motorcycles, and scooters that are subject to the state registration and record-keeping in the regional bodies of the Ministry of Internal Affairs of Ukraine and/or allowed to participate in road traffic, as well as those imported to the customs territory of Ukraine for temporary use being registered in other countries.

The MTPL Law provides no exceptions for certain persons, except in cases of damage to life and health of the following persons:

the driver of the insured vehicle that caused a motorized vehicle accident

the passengers who were in the vehicle that caused a motorized vehicle accident and are insured under another type of compulsory insurance (personal insurance against accidents in transport).

Future regulation:

On 12 January 2023, the Verkhovna Rada of Ukraine passed in principle draft law No. 8300 *On Compulsory Insurance against Civil Liability in Respect of the Use of Land Motor Vehicles* dated 22 December 2022 (Draft Law No. 8300). The purpose of this draft law is to improve the system of compulsory insurance of civil liability of owners of land motor vehicles, to bring the mechanism of protection of victims of motorized vehicle accident in line with the requirements of Directive 2009/103/EC.

Under the Draft Law No. 8300, liability for the operation of vehicles of the following categories will be subject to insurance:

cars, motorcycles (including scooters and microcars), trailers to cars

other vehicles intended for the transportation of passengers, cargo, luggage, mail and/or equipped with special equipment, provided that information about such vehicles is entered into the Unified State Register of Vehicles provided for by the Law of Ukraine *On Road Traffic*.

The draft Law No. 8300 provides for no exceptions for certain persons whose damage will not be covered, except where the insurance payment is not made for the damage:

caused to the life and health of the driver of a vehicle that caused a motorized vehicle accident

caused to the life and health of passengers who were in a vehicle that was seized as a result of unlawful actions that caused a motorized vehicle accident, if the insurer (Motor (Transport) Insurance Bureau of Ukraine, MTIBU) proves that the injured persons were aware of the unlawful seizure of such vehicle and, despite this, voluntarily became passengers of such vehicle

in terms of the claims of the injured persons, if such claims can be satisfied based on a valid liability insurance agreement for damage caused to the life and health of passengers while using motor vehicles and for damage caused to cargo and luggage during transportation, which was concluded by transport companies under insurance class 10 in accordance with Article 4 of the Law of Ukraine *On Insurance*.

• *Is there a maximum amount of coverage specified in the law? If yes, what is the level of this coverage?*

Current regulation:

Article 9 of the Law of Ukraine *On Civil Liability* determines the power of the Authorized body (the National Bank of Ukraine) to revise insurance amounts in accordance with the inflation rate and consumer price index.

At present, NBU Board Resolution No. 109 *On Insurance Amounts under Contracts of Compulsory Insurance Against Civil Liability in Respect of the Use of Land Motor Vehicles* dated 30 May 2022 sets the following maximum amounts of coverage:

for damage to life and health – UAH 320,000 per one injured party

for damage to property – UAH 160,000 per one injured party.

Future regulation:

Draft Law No. 8300 provides for the following insurance amounts:

1) for damage to life and health of injured parties:

from the date said Law enters into force, UAH 500,000 per one injured party and UAH 5 million per claim, whatever the number of injured parties

from 1 January 2026 but no earlier than the date of termination or cancellation of martial law imposed in Ukraine by Presidential Decree No. 64/2022 *On Introducing Martial Law in Ukraine* dated 24 February 2022 approved by Law of Ukraine No. 2102-IX *On Approval of the Presidential Decree on Introducing Martial Law in Ukraine* dated 24 February 2022, UAH 1 million per one injured party and UAH 20 million per claim, whatever the number of victims

2) for damage to property of injured parties:

from the date said Law enters into force, UAH 250,000 per one injured party and UAH 1.25 million per claim, whatever the number of injured parties

from 1 January 2026 but no earlier than the date of termination or cancellation of martial law imposed in Ukraine by Presidential Decree No. 64/2022 *On Introducing Martial Law in Ukraine* dated 24 February 2022 approved by Law of Ukraine No. 2102-IX *On Approval of the Presidential Decree on Introducing Martial Law in Ukraine* dated 24 February 2022, UAH 2 million per claim, whatever the number of victims.

Upon Ukraine's accession to the European Union, annual increases in insurance amounts are envisaged, and starting from 1 January of the year following five years after Ukraine's accession to the European Union, the amounts of insurance amounts under domestic insurance contracts will be set for damage caused:

1) to life and health of the victims - in the amount equivalent to at least EUR 1.3 million per victim and in the amount equivalent to at least EUR 6.45 million per claim, regardless of the number of victims

2) property of the injured persons - in the amount equivalent to at least EUR 1.3 million per claim, regardless of the number of victims.

III. FINANCIAL MARKET INFRASTRUCTURE

● *Which authorities are responsible on financial market infrastructure in your country?*

The National Bank of Ukraine and the National Securities and Stock Market Commission are responsible for the infrastructure of the financial market in Ukraine. At the same time, the NSSMC has the power to regulate and supervise the central securities depository, the central counterparty and, the trade repository.

According to the Law of Ukraine *On the National Bank of Ukraine*, the NBU's functions include:

implementation of state regulation in the payment market, determination of the principles for the functioning of the payment market of Ukraine, regulation of the activities of payment service providers, providers of limited payment services, payment systems, technological operators of payment services, determination of the procedure for providing payment services and limited payment services, and supervision of the activities of payment market participants

oversight of payment infrastructure.

On 1 January 2024, the NBU was also authorized to conduct oversight of central securities depositories, securities settlement systems, central counterparties, and trade repositories.

The NBU is the majority shareholder of the country's only central counterparty (84%) and acts as a central securities depository for government securities. The NSSMC manages the shares of the state and partially those of individual shareholders (about 55% in total) in the central securities depository, which conducts the accounting of non-government securities.

According to Article 139 of the Law of Ukraine *On Capital Markets and Organized Commodity Markets*, capital markets are regulated by the state and the self-regulatory organizations.

The state regulation of capital markets is carried out by the NSSMC, as well as other state authorities within the powers defined by law.

The state regulation of regulated money markets is carried out:

1) by the NSSMC - regarding the rules of functioning of the regulated market, the clearing of obligations under contracts concluded on such a market, as well as counteraction to manipulation and other abuses on the regulated money market;

2) by the National Bank of Ukraine - regarding the rules for the supply of money market instruments (except for securities) and currency values admitted to trading on such a market.

In accordance with part 2 of Article 22 of the Law of Ukraine *On Financial Services and Financial Companies*, the Antimonopoly Committee of Ukraine and other state authorities exercise control over the activities of participants on the

financial services market and receive information from them within the powers defined by law.

• *To which extent is the Financial Market Infrastructure aligned to the European legislation?*

The financial market infrastructure is partially aligned to the European legislation. Further adaptation of the Ukrainian legislation in the field of capital markets and organized commodity markets to the legal and financial environment of the EU is underway.

• *Please, provide details about existing mechanisms to reduce the systemic risk linked to the insolvency of a participant in payment and securities settlement system and to which extent they are in line with the Settlement Finality Directive (98/26/EC).*

Ukrainian legislation generally complies with the provisions of Directive 98/26/EC of May 19, 1998 (Settlement Finality Directive).

The Law of Ukraine № 738-IX dated June 19, 2020 *On Amendments to Certain Legislative Acts of Ukraine Regarding Simplification of Investment Attraction and Introduction of New Financial Instruments*, implemented, in particular, the provisions of EU Directive 98/26/EU (Settlement Finality Directive) in terms of the implementation of provisions on the finality of settlements into the national legislation.

In addition, the Regulation On the Conduct of Clearing Activities, approved by the NSSMC Resolution dated January 13, 2022 № 5, registered by the Ministry of Justice of Ukraine on February 1, 2022 № 114/37450, includes, among other things, the requirements for organization of the system of accounting of persons conducting the clearing activity and the clearing participant and the Requirements for the Clearing Procedure, in which, in particular, the provisions of the EU Directive 98/26/EU were implemented in terms of introduction of the provisions on finality of settlements and liquidation netting procedures.

In accordance with paragraph 2 of Section II of this Regulation, in particular, *the internal documents of a person conducting clearing activities must contain clear, non-discriminatory and transparent rules, grounds and procedures for suspension, renewal and termination of provision of clearing services to a clearing participant (including for clients of a clearing participant) which has defaulted, violated (is violating) the terms of the clearing service agreement, violated (is violating) or no longer meets the requirements for a clearing participant established by the clearing rules and internal documents of the person conducting clearing activities.*

In accordance with paragraph 7 of Section IV of this Regulation, the grounds for refusal of admission to the clearing of rights and obligations are, in particular, the default of a clearing participant under any contract/deal/transaction, the clearing

of rights and obligations of which is carried out by such a person conducting clearing activities, in cases stipulated by the internal documents of the person conducting clearing activities.

Section V of this Regulation defines the requirements for organization of the creation of a risk management system in the course of clearing activities.

In accordance with paragraph 1, in particular, the system of risk management and guarantees of the person conducting clearing activities must be documented in the regulation on the system of risk management and guarantees of the person conducting clearing activities. The regulation on the system of risk management and guarantees of the person conducting clearing activities is approved by the body of the person conducting clearing activities which is responsible for supervision.

In accordance with paragraph 2, in particular, when developing policies, procedures, tools of risk management and guarantees, a person conducting clearing activities must take into account all the significant risks that may affect its ability to carry out such activities, including the ability of continuous provision of services, and differentiate policies, procedures and risk management tools according to such risks.

Policies, procedures, and tools of risk management and guarantees must take into account the risks that the person conducting clearing activities causes (may cause) for clearing participants, including their clients, as well as for banks, depository institutions, depositories, operators of organized markets, other participants of capital markets and organized commodity markets (hereinafter - clearing infrastructure), for the functioning of capital markets and organized commodity markets as a whole. The person conducting clearing activities must also establish in the regulation on the system of risk management and guarantees the requirements, define the tools that will ensure the management and minimization of the risks that clearing participants cause (may cause) for the person conducting clearing activities.

A person conducting clearing activities must also define in the regulation on the system of risk management and guarantees *the mechanisms that will prevent the spread of the consequences of a default on one market to other markets.*

In accordance with paragraph 16, a person conducting clearing activities must, within the framework of the provision on risk management system and guarantees, approve the *procedures aimed at eliminating the default of clearing participants, including covering the losses of such default, restoring liquidity and replenishing the assets of the person conducting clearing activities, used to cover the default.* A person conducting clearing activities may involve clearing participants and other participants of financial services markets and organized commodity markets, which are affected by the procedures aimed at eliminating the default of clearing participants, in testing and reviewing such procedures.

The regulation on the system of risk management and guarantees shall also provide for the procedure for transferring the rights and obligations of an insolvent clearing participant and its clients to another clearing participant.

If a client of a clearing participant which is insolvent, within the period determined by the internal documents of the person conducting clearing activities, refuses or evades the conclusion of an agreement on further servicing of such a client with the clearing participant to which the rights and obligations of such a client have been transferred for management, the person conducting clearing activities has the right to perform liquidation netting regarding the rights and obligations of such a client, as well as to perform other actions provided for by its internal documents.

In accordance with paragraph 17, within the framework of the risk management system, a person conducting clearing activities may establish additional obligations of clearing participants in proportion to the risks created by a clearing participant, including obligations to participate in the redemption of the clearing participant's rights and obligations in case of default or making additional contributions to the guarantee funds in accordance with the procedure provided for by the internal documents of the person conducting clearing activities. Such additional obligations must be transparent, non-discriminatory and not create unreasonable restrictions on clearing participants' access to the services of the person conducting clearing activities.

The risk management system of the person conducting clearing activities may provide for the obligation of clearing participants to make additional contributions to the guarantee fund in the event of a default of the clearing participant (participants) in excess of the amount provided for in paragraph one of this point, but under the condition that the person conducting clearing activity, fully used other default management tools, including own assets. In such a case, clearing participants must be able to estimate at any time the maximum amount of additional contributions that they may be required to make in connection with the clearing participant's default.

A person conducting clearing activities may not use contributions to guarantee funds provided by clearing participants which have not defaulted before using the guarantee of a defaulting clearing participant to cover such default.

A person conducting clearing activities may not use contributions to guarantee funds provided by clearing participants which have not committed a default to cover the default of another clearing participant before using the own assets of the person conducting clearing activities, which are allocated to cover the defaults of clearing participants in accordance with internal documents of the person conducting clearing activities.

In the event that the risk management system of the person conducting clearing activities provides that the margin may not be sufficient to settle the default, the Rules and other internal documents of the person conducting clearing activities must establish the procedure for determining the size of the own assets of the person

conducting clearing activities that will be allocated to cover defaults of clearing participants.

Regulation on the system of risk management and guarantees shall provide for additional mechanisms for settlement of default, including the possibility of receiving financial assistance from persons which have a significant share in the person conducting clearing activities, if the own assets of the person conducting clearing activities, which are allocated to cover defaults of clearing participants are not enough to cover the default.

In case of the inability of the person conducting clearing activities to independently settle the default in accordance with its internal documents, such a person must immediately notify the NSSMC.

In accordance with paragraph 21, in the event that the Central Securities Depository conducts clearing activities for the determination of obligations, the risk management system of the Central Securities Depository must be created taking into account the non-acceptance of the risks of non-fulfillment or improper fulfillment of obligations by the parties to the transaction (creation of enforcement mechanisms for ensuring the fulfillment of obligations admitted to clearing) in accordance with the requirements of the legislation on capital markets.

Also, paragraph 12 of Section VI of this Regulation stipulates that a person conducting clearing activities is obliged to provide daily stress tests to check:

- adequacy of collateral to cover credit risks;

- sufficiency of financial assets at the disposal of the person conducting clearing activities to ensure liquidity, including in case of default, and the possibility of access to additional financial assets.

The scenarios and parameters for such stress tests should be reviewed at least on a monthly basis.

IV. SECURITIES MARKETS AND INVESTMENT SERVICES

A. General questions

● *Is there a market abuse regime in place? Is there an authority in charge of supervising regulated markets? If yes, please indicate name and address.*

The NSSMC, address: 01001, 8 Kniaziv Ostrozkykh str., building 30, Kyiv, Ukraine.

● *Is there a central securities register? Please provide details.*

Ukraine has two central securities depositories. The NBU acts as a central depository for all government securities. National Depository of Ukraine PJSC does the accounting of all non-government securities and municipal bonds.

In accordance with Article 94 of the Law of Ukraine On Capital Markets and Organized Commodity Markets, the NSSMC maintains the State Register of Securities Issues in accordance with the procedure established by it. The NSSMC establishes the procedure for capital market participants' access to information contained in the State Register of Securities Issues. The access is free of charge.

The State Register of Securities Issuances is a system of collection, accumulation and processing of information on issues of shares, corporate bonds, local loan bonds, securities of collective investment undertakings, mortgage certificates, mortgage bonds, certificates of real estate transactions funds. The State Register is maintained on electronic media.

The publicly available information database of the NSSMC on the securities market is an information resource that is the basis of effective interaction between the regulator, issuers, investors and the public in the implementation of the powers of the NSSMC regarding publication and access to information on the activity of securities issuers.

The NSSMC implements world standards for the functioning of the securities market, in particular, on issues of information disclosure, taking into account the recommendations of IOSCO (International Organization of Securities Commissions). The system of disclosure of information created by the NSSMC enables all interested parties to receive the necessary data on the activity of potential investment objects and the state of development of the securities market in an accessible and convenient manner.

Implementing these standards, the NSSMC has created an information database on the securities market in accordance with the NSSMC Resolution № 733 dated June 3, 2014 On Approval of Regulation on the Formation of Securities Market Information Database. The State Institution «Stock Market Infrastructure Development Agency of Ukraine» (hereinafter - the Agency) is responsible for forming and maintaining an updated information database on the securities market.

Currently, the Internet portal of the Agency (smida.gov.ua) contains information subject to publication in accordance with current legislation, including: Publicly available information database of the NSSMC, Electronic system of comprehensive disclosure of information (ESKRIN), database on offenses on the securities market, information on the owners of significant shares (10 percent or more), the State Register of Securities Issues, which contains information on issues of shares, corporate bonds, local loan bonds, securities of collective investment undertakings, mortgage certificates, mortgage bonds and certificates of real estate transaction funds, etc.

B. Legal framework

● *Which authorities are responsible on securities markets and investment services in your country?*

● *Please indicate the principal legislation adopted in this area and its implementation.*

Article 41 of the Law of Ukraine *On Capital Markets and Organized Commodity Markets* defines the following types of professional activity on capital markets:

- 1) financial instruments trading activity;
- 2) activity on the organization of financial instruments trading;
- 3) clearing activity;
- 4) depository activity;
- 5) asset management activities of institutional investors;
- 6) property management activities for the financing of construction objects and/or real estate transactions;
- 7) activity of administration of non-state pension funds.

Professional activity on the capital markets is the activity of joint-stock companies, limited liability companies or additional liability companies for the provision of financial and other services on the capital markets during the implementation of any of the above types of activities.

In accordance with Article 4 of the Law of Ukraine *On State Regulation of Capital Markets and Organized Commodity Markets*, the NSSMC, in accordance with the procedure established by it, issues licenses for the following types of activities within the relevant types of professional activity on the capital markets:

- 1) subbrokerage activity;
- 2) brokerage activity;
- 3) dealer activity;
- 4) financial instruments portfolio management activity;

- 5) investment consulting;
- 6) underwriting;
- 7) activities of placement with guarantee;
- 8) activities of placement without guarantee;
- 9) activities related to the organization of securities trading on the regulated stock market;
- 10) activities related to the organization of conclusion of derivative contracts on the regulated derivative contracts market;
- 11) activity on the organization of trading in money market instruments on the regulated money market;
- 12) activity on the organization of securities trading on the stock multilateral trading facility;
- 13) activities related to the organization of conclusion of derivative contracts on the multilateral trading facility of derivative contracts;
- 14) activities related to the organization of bond trading on an organized bond trading facility;
- 15) activities related to the organization of conclusion of derivative contracts on the organized trading facility of derivative contracts;
- 16) asset management activity;
- 17) mortgage coverage management activities;
- 18) depository activity of a depository institution;
- 19) activities related to the storage of assets of collective investment undertakings;
- 20) activities related to the storage of assets of pension funds;
- 21) clearing activities of determining obligations;
- 22) central counterparty clearing activities;
- 23) property management activities for the financing of construction objects and/or real estate transactions;
- 24) service provision activities in the accumulative system of mandatory state pension insurance;
- 25) activity of the administration of non-state pension funds.

Investment firms

• *Please outline the legal framework adopted for the operation of investment companies, mutual funds, pension funds.*

Relations arising during the issuance, circulation, redemption of securities and fulfillment of obligations under securities, conclusion and execution of derivative contracts, replacement of parties to derivative contracts and execution of transactions regarding financial instruments on capital markets, as well as relations arising during conducting professional activities on capital markets and organized commodity markets are regulated by the Law of Ukraine *On Capital Markets and Organized Commodity Markets* (hereinafter - the Law).

According to Article 3 of the Law, the legal basis for the functioning of capital markets and organized commodity markets is the Constitution of Ukraine, this Law, laws of Ukraine *On State Regulation of Capital Markets and Organized Commodity Markets*, *On Depository System of Ukraine*, *On Collective Investment Institutions*, others laws of Ukraine in the specified area, as well as international treaties of Ukraine, the binding consent of which has been given by the Verkhovna Rada of Ukraine, other acts of Ukrainian legislation, and bylaws developed by the NSSMC in accordance with this Law.

At the same time, the NSSMC is working on bringing the legal framework into compliance with the requirements of the Law of Ukraine *On Capital Markets and Organized Commodity Markets* and implementing EU legislation in the field of capital markets and organized commodity markets.

• *Is the provision of investment services subject to authorisation in the country? Is there any exception (undertakings which do not provide services for third parties, investment services not carried out on a professional basis)?*

In accordance with parts one and three of Article 70 of the Law of Ukraine *On Capital Markets and Organized Commodity Markets*, professional activity on capital markets, a separate type of which is the activity of trading in financial instruments, carried out by investment firms for which transactions with financial instruments are an exclusive type of activity, except cases provided for by this Law, are carried out exclusively on the basis of a license issued by the National Securities and Stock Market Commission (except for the professional activities of the Central Securities Depository and the depository activities of the National Bank of Ukraine). The list of documents required for obtaining a license for conducting the relevant type of activity on the capital markets, the procedure for its issuance and cancellation shall be established by the National Securities and Stock Market Commission, taking into account the requirements of Articles 71-73 of this Law.

According to part 12 of Article 36 of the Law, derivative contracts, which are financial instruments, and transactions related to financial instruments must be carried out with the participation or mediation of an investment firm, except for cases specified therein.

Parts 16 – 17 of Article 44 of the Law define that the following are not professional activities on the capital markets:

1) activity of concluding commodity derivative contracts on one's own initiative, in one's own name and at one's own expense;

2) activity of concluding commodity derivative contracts at the expense and on behalf of clients or at the expense of clients, but on one's own behalf, provided that such clients are persons which, within the main activity of the specified legal entities, are their suppliers and/or consumers of goods (works, services) produced (performed, provided) by such legal entities.

The above-mentioned activities do not require obtaining a license for carrying out the relevant activity on the capital markets and can be carried out under the following conditions:

1) the conclusion of such derivative contracts (each individual derivative contract, as well as the entire set of such derivative contracts) carried out during the financial year is not the execution by such persons of transactions that constitute their main activity or the main activity of a group of companies (the parent company and its subsidiaries), to which such legal entities belong;

2) persons conducting such activities do not use high-frequency trading for the purposes of concluding commodity derivative contracts;

3) persons conducting such activities have notified the NSSMC in accordance with the procedure and time limits established by it about the intention to carry out such activities before the conclusion of the first such derivative contract.

The NSSMC may require the persons carrying out the activities specified in paragraphs 1-2 of part 16 of this article to provide confirmation that the activity of concluding commodity derivative contracts is not the main economic activity of such persons.

For the purposes of parts 16 and 17 of this article, the definition of economic activity, which is the main activity (including for a group of companies), is carried out in accordance with the procedure established by the NSSMC.

Also, according to paragraph 2 of part 6 of Article 45 of the Law, the conclusion and execution of money market derivative contracts outside the organized market by an investment firm, which is a bank, is not a professional activity of trading in financial instruments for such an investment firm and does not require obtaining a corresponding license.

Licensing conditions for carrying out professional activity on capital markets and organized commodity markets according to its certain types are established by the NSSMC, taking into account the requirements stipulated by law.

Also, in accordance with paragraph 16 of part 2 of Article 4 of the Law, a legal entity that meets at least one of the following criteria cannot be a professional participant on the capital markets:

1) the legal entity is created in accordance with the legislation of the state carrying out armed aggression against Ukraine in the sense given in Article 1 of the Law of Ukraine On Defense of Ukraine;

2) sanctions have been applied to the legal entity in accordance with the Law of Ukraine On Sanctions;

3) the legal entity is included in the list of persons connected with the terrorist activities or in respect of which international sanctions have been applied;

4) the legal entity is under the control of the persons specified in paragraphs 1-3 of this part, or has such persons among the owners of significant shares;

5) the legal entity does not meet the requirements established by law for professional capital market participants.

• *How are investment services defined? Which activities require previous authorisation to be carried on? Which institutions can provide investment services? Are credit institutions and/or insurance undertakings authorised to carry on any of these activities? Do they need specific authorisation?*

Paragraph 14 of part 2 of Article 4 of the Law of Ukraine *On Capital Markets and Organized Commodity Markets* defines that professional capital market participants are legal entities operating in the organizational and legal form of a joint-stock company, a limited liability company or additional liability company, which conduct professional activities on the capital markets, the types of which are defined by law. The Central Securities Depository has the status of a professional capital market participant.

In accordance with part 1 of Article 41 of the Law, professional activity on the capital markets is the activity of joint-stock companies, limited liability companies or additional liability companies for the provision of financial and other services on the capital markets during the conduct of any type of activity provided for by part 2 of this article , namely:

- 1) financial instruments trading activity;
- 2) activity on the organization of trading in financial instruments;
- 3) clearing activity;
- 4) depository activity;
- 5) asset management activities of institutional investors;
- 6) property management activities for financing of construction objects and/or real estate transactions;
- 7) activity of administration of non-state pension funds.

The combination of a professional activity on the capital markets with other types of activity is allowed only in the cases listed in part 1 of Article 41 of the Law.

The activities of the Central Securities Depository may be combined with other types of activities in cases provided for by law.

In accordance with part 1 of Article 44 of the Law, financial instruments trading activities are carried out by investment firms that are established in the form of a joint-stock company, a limited liability company or additional liability company, for which transactions with financial instruments are the exclusive type of activity except cases provided for by this Law.

The NSSMC determines the conditions for foreign legal entities to obtain a license for carrying out relevant types of activities within the professional activity of trading in financial instruments.

Financial instruments trading activities include the following types of activities:

- 1) subbrokerage activity;
- 2) brokerage activity;
- 3) dealer activity;
- 4) financial instruments portfolio management activity;
- 5) investment consulting;
- 6) underwriting and/or placement activity with a guarantee;
- 7) placement activities without a guarantee.

The NSSMC shall issue a separate license for each type of financial instrument trading activity in accordance with the procedure established by this Law, provided for in Article 4 of the Law of Ukraine *On State Regulation of Capital Markets and Organized Commodity Markets*.

Also, in accordance with part 2 of Article 44 of the Law, an investment firm, taking into account the requirements of the law, may provide additional services, specified therein, to clients, if they are specified in the NSSMC Resolution on issuing it a license to carry out the relevant type of activity within the professional activities of trading in financial instruments and entered in the register of professional participants of capital markets and organized commodity markets.

An investment firm, while carrying out its activities on the capital markets, has the right to provide additional services provided for in this part (depository activities of the depository institution provided for in paragraph 1 of this part), without obtaining additional licenses and other permits.

In accordance with Article 45 of the Law, the list of activities provided for by part 1 of Article 44 of this Law, which an investment firm has the right to carry out, and additional services provided for by part 2 of Article 44 of this Law, which the investment firm has the right to provide, is noted in the register of professional capital market participants and organized commodity markets.

In the application for the issuance of a license to carry out the relevant type of activity within the professional activity of trading in financial instruments, a legal entity must indicate the list of additional services that it intends to provide in

accordance with the list determined by part 2 of Article 44 of this Law, and other information in accordance with the requirements of the NSSMC.

A change in the list of additional services that an investment firm has the right to provide is carried out on the basis of a corresponding application of the investment firm by the adoption of the corresponding NSSMC Resolution, followed by amendments to the information in the register of professional participants of capital markets and organized commodity markets.

An investment firm does not have a right to provide additional services provided for in part 2 of Article 44 of this Law, which are not specified in the NSSMC Resolution and are not reflected in the register of professional participants of capital markets and organized commodity markets.

Obligations of the investment firm when providing services to the client are defined by Articles 46 and 47 of the Law.

Apart from investment firms, only banks have the right to obtain a license to carry out professional activity of trading in financial instruments.

• What conditions are new investment firms required to meet by law before taking up their businesses (legal form, initial capital, good repute and sufficient experience for persons who direct the business, fit and proper test for shareholders)?

In accordance with part 1 of Article 44 of the Law, financial instruments trading activities are carried out by investment firms that are established in the form of a joint-stock company, a limited liability company or a company with additional liability, for which transactions with financial instruments are the exclusive type of activity except the cases provided for by this Law.

The NSSMC determines the conditions for foreign legal entities to obtain a license for carrying out relevant types of activities within the professional activity of the trading in financial instruments.

In accordance with parts 3-5 of Article 44 of the Law, the initial capital of an investment firm engaged in professional activity of the trading in financial instruments must meet the requirements for its calculation established by Article 70 of this Law, in particular, the initial capital accumulated by a legal entity that intends to conduct professional activity on capital markets and/or organized commodity markets, consists of one or more of the following elements:

- capital instruments (shares, bonds or other securities, as well as borrowings and any other transactions resulting in an increase in the legal entity's equity) provided that they meet the requirements established by the NSSMC;
- issuance income belonging to capital instruments;
- accumulated profits or losses;
- other accumulated total income;

- other reserves.

At the same time, the amount of such initial capital cannot be less than 22 million hryvnias, except the cases specified therein.

In accordance with part 5 of Article 71 of the Law of Ukraine *On Capital Markets and Organized Commodity Markets*, investment firms in order to obtain a license to provide investment services provide the appropriate list of documents and information, in particular, to confirm the appropriateness of the business reputation and the availability of sufficient experience of managers and the relevant employees of the firm, as well as the suitability and propriety of the owners (shareholders) of the firm, to the requirements established by the Law.

● ***Are there prudential ratios (solvency, liquidity)? Are they applied on a consolidated basis?***

Prudential indicators are established for all professional participants of capital markets and organized commodity markets (hereinafter referred to as professional participants) by the Regulation *On Prudential Standards of Professional Activity on Stock Market and Requirements for the Risk Management System*, approved by the NSSMC Resolution № 1597 dated 01.10.2015, registered by the Ministry of Justice of Ukraine on 28.10.2015 № 1311/27756 (as amended) (hereinafter - Regulation 1597).

In accordance with the requirements of Regulation 1597, in particular, the following indicators are used for investment firms to measure and assess the risks of trading in financial instruments:

- 1) the amount of regulatory capital;
- 2) regulatory capital adequacy standard;
- 3) standard of capital adequacy of the first level;
- 4) coefficient of financial leverage;
- 5) coefficient of absolute liquidity;
- 6) credit risk concentration standard.

In addition, the NSSMC adopted Resolution № 667 dated 19.08.2021 *On Approval of Amendments to the Regulation on Prudential Standards of Professional Activity on Stock Market and Requirements for the Risk Management System*, registered by the Ministry of Justice of Ukraine on October 7, 2021 № 1307/36929 (hereinafter – the NSSMC Resolution 667), which updated the requirements for the list of prudential indicators for each type of activity.

According to the NSSMC Resolution 667, investment firms are divided into three groups according to the types of activities they carry out.

Each of the three groups of investment firms uses its indicators to measure and assess the risks of financial instruments trading activities. Investment firms that

carry out dealer activities and underwriting and/or placement activities with a guarantee must calculate the following indicators:

- 1) the amount of regulatory capital;
- 2) regulatory capital adequacy standard;
- 3) standard of capital adequacy of the first level;
- 4) coefficient of financial leverage;
- 5) coefficient of absolute liquidity;
- 6) credit risk concentration standard.

Investment firms that carry out sub-brokerage, brokerage and financial instruments portfolio management activities, provided that such activities are carried out with the right to receive and dispose of clients' funds and financial instruments for their own account, must calculate the following indicators:

- 1) the amount of regulatory capital;
- 2) regulatory capital adequacy standard;
- 3) coefficient of absolute liquidity;
- 4) credit risk concentration standard;
- 5) regulatory capital adequacy standard.

Investment firms that carry out sub-brokerage activities, brokerage activities, financial instrument portfolio management activities, investment consulting and placement activities without a guarantee, provided that such activities are carried out without the right to receive for their own account and dispose of clients' funds and financial instruments, must calculate the following indicators:

- 1) the amount of regulatory capital;
- 2) credit risk concentration standard;
- 3) regulatory capital adequacy standard;
- 4) operational risk coverage ratio.

The specified NSSMC Resolution 667 was supposed to enter into force on April 1, 2022.

However, in connection with the introduction of martial law in accordance with the Decree of the President of Ukraine dated 24.02.2022 № 64/2022, taking into account the Law of Ukraine *On Protection of Interests of Subjects of Submission of Reports and Other Documents During the Period of Martial Law or State of War*, as well as in order to minimize the negative impact of the consequences of the military aggression of the Russian Federation against Ukraine and to promote the stability of the capital markets, the NSSMC Resolutions:

dated 17.03.2022 № 182 Regarding the Resolution of the National Securities and Stock Market Commission dated August 19, 2021 № 667 and dated 01.09.2022

№ 1134 Regarding the Resolution of the National Securities and Stock Market Commission dated August 19, 2021 № 667, temporarily, for the period of the martial law, postponed the entry into force of the NSSMC Resolution 667;

dated 15.02.2023 № 153 Regarding Application of Certain Resolutions of the National Securities and Stock Market Commission during the period of martial law, temporarily suspended Regulation № 1597 for the period of martial law.

Instead, the NSSMC Resolution dated 29.09.2022 № 1221 Regarding Prudential Standards of Professional Activity on Capital Markets and Organized Commodity Markets (as amended) established, for the period of martial law, for the measurement and assessment of risks of professional activity on capital markets and organized commodity markets, a single prudential standard for all professional participants of capital markets and organized commodity markets. It is the standard of asset liquidity, which was introduced taking into account the challenges of martial law, as a tool for the constant maintenance by professional participants of the capital markets and organized commodity markets of the established level of liquidity of assets to ensure the possibility of quickly transferring a certain part of assets to liquid form without significant loss of their value.

Calculation of prudential indicators is also carried out on a consolidated basis. Regulation on consolidated supervision of the activities of non-banking financial groups, in which the majority of activities are carried out by financial institutions, which are supervised by the NSSMC, approved by the NSSMC Resolution № 431 dated 26.03.2013, registered by the Ministry of Justice of Ukraine on 16.04.2013 № 618/23150 (as amended) (hereinafter - Regulation 431), stipulates that the responsible person of the non-banking financial group, in particular, carries out a comparative analysis of the amount of regulatory capital of the non-banking financial group and the standard of the amount of regulatory capital of the non-banking financial group and determination of its adequacy.

However, in connection with the introduction of martial law in accordance with the Decree of the President of Ukraine № 64/2022 dated 24.02.2022, with the aim of minimizing the negative impact of the consequences of the military aggression of the Russian Federation against Ukraine and promoting the stability of the capital markets, the NSSMC Resolution dated 12.05.2023 № 506 On the application of certain provisions of the Resolution of the National Securities and Stock Market Commission dated March 26, 2013 № 431 for the period of martial law, temporarily, for the period of martial law, suspended the specified provision.

• *Please explain whether there is an investor compensation scheme and how it works to compensate investors in case an investment firm is not able to return back assets.*

Credit Rating Agencies

• *The EU framework for CRAs is defined by Regulation 1060/2009 (CRA I) as amended by Regulations 513/2011 (CRA II) and 462/2013 (CRA III). Are you already familiar with the main elements of this regime?*

• *Does your country follow international developments on CRAs (e.g. G-20, FSB, IOSCO)?*

• *Does your country have a system for the approval and registration of CRAs? If so, how many CRAs are active in the country's capital market?*

• *Does your country have in place a system for CRA supervision?*

• *Are your authorities familiar with the responsibilities of the European Securities and Markets Authority (ESMA) in the area of CRAs?*

Collective Investment Undertakings

• *Are collective investment undertakings subject to authorisation requirements?*

In accordance with part 6 of Article 6 of the Law of Ukraine On Collective Investment Institutions, collective investment activities are carried out after entering information about the collective investment institution into the Unified State Register of Collective Investment Institutions and obtaining a certificate of entry into the Register.

• *Are the assets of collective investment undertakings entrusted to a depositary? Are such assets separate to the depositary's own assets? Which further obligations have to be fulfilled by the depositary? Is the depositary subject to prior approval? Which requirements apply for the depositary? What are the tasks of the depositary and which ones can be delegated to a third party? Is the depositary liable for the loss of the assets held in custody?*

In accordance with the legislation on collective investment institutions, the custodian of the investment fund's assets performs custody of the investment fund's assets on the basis of the relevant contract. The general meeting of the corporate fund / the asset management company of the mutual investment fund makes a decision on the election (replacement) of the custodian of a collective investment institution's assets and concludes an agreement with it.

The custodian of the assets of a collective investment institution is a bank that has a relevant license to carry out professional activity on the capital markets, issued by the NSSMC in accordance with the established procedure.

The custodian of the assets of a collective investment institution is prohibited from using the assets of a collective investment institution to carry out its own operations.

The custodian of the assets of a collective investment institution is obliged to provide service to the collective investment institution in compliance with the

regulations and prospectus of the securities issue of the collective investment institution. For this purpose, the custodian of the assets of the collective investment institution, in accordance with the procedure established by the contract with the corporate fund or with the asset management company of the mutual fund, supervises the compliance of the operations with the assets of the collective investment institution with the regulations, the prospectus of the securities issue of the collective investment institution, and the legislation.

The custodian of the assets of the collective investment institution informs the NSSMC about any detected actions of the asset management company that do not correspond to the prospectus of the collective investment institution's securities issue or violate the requirements of the law, regulations or regulatory legal acts of the NSSMC. The custodian is obliged to submit such information within three working days after the discovery of the violation.

The custodian of the assets of the collective investment institution performs its duties until the moment of transfer of all the documents to another custodian of the assets of the collective investment institution and cannot delegate them to a third person.

The custodian of assets of the collective investment institution is responsible for:

for losses caused to the participants of the collective investment institution, in accordance with the contract and the law;

for non-submission, untimely submission or submission of inaccurate information to the NSSMC in accordance with the law;

property liability for non-fulfilment or untimely fulfillment of its obligations and must compensate for losses caused to the collective investment institution and the asset management company as a result of non-fulfilment or untimely fulfillment by the custodian of its obligations, in accordance with the contract;

property liability for damages caused to the collective investment institution and/or the asset management company by the actions (inaction) of the custodian of the collective investment institutions's assets, in accordance with the law.

At the same time, the custodian of the assets of the collective investment institution is not responsible for the obligations of the collective investment institution, and the collective investment institution is not responsible for the obligations of the custodian of the assets of the collective investment institution. The responsibility of the custodian of the assets of the collective investment institution in relation to the collective investment institution, which it serves, is determined by the terms of the contract on the servicing of the collective investment institution and this Law.

• *Are any of the following fund types subject to regulation and supervision: hedge funds, venture capital funds, social entrepreneurship funds?*

Any of the following types of funds are not subject to regulation and supervision: hedge funds, venture capital funds, social entrepreneurship funds, since the creation of these collective investment institutions is not provided for by the Law of Ukraine On Collective Investment Institutions.

Markets

• *Are there regulated markets? Please list them. How are such markets defined? Are there rules which limit the number of persons which have access to those markets? Can credit institutions become members of a regulated market?*

According to Article 1 of the Law of Ukraine *On Capital Markets and Organized Commodity Markets*, a regulated market is a multilateral system managed by a regulated market operator and, in accordance with the procedure established by the NSSMC and in accordance with non-discretionary rules established by such a regulated market operator and registered in the manner established by this Law, provides the interaction of third parties regarding the purchase and sale of financial instruments (conclusion of derivative contracts) and the creation of organizational, technological, informational, legal and other conditions for the collection and dissemination of information regarding the offer of financial instruments admitted to trading on such a regulated market, and demand for them and for conducting regular trading in such instruments, as well as ensures centralized conclusion and centralized execution of transactions, including clearing for such instruments.

In accordance with Article 49 of the specified Law, professional activity of organization of trading in financial instruments includes, in particular, the following types of activities:

- 1) activities related to organization of securities trading on the regulated stock market;
- 2) activities related to organization of conclusion of derivative contracts on the regulated market of derivative contracts;
- 3) activities related to organization of trading in money market instruments on the regulated money market;
- 4) activities related to organization of trading in securities on the stock multilateral trading facilities;
- 5) activity of organization of conclusion of derivative contracts on multilateral trading facilities of derivative contracts.

The NSSMC shall issue a separate license for each type of activity related to organization of trading in financial instruments in accordance with the procedure established by this Law, provided for in Article 4 of the Law of Ukraine *On State Regulation of Capital Markets and Organized Commodity Markets*.

Participants of the regulated market can be investment firms and other persons participation of which in trading is provided for by law.

• ***Are there Multilateral Trading Facilities (MTFs - alternative trading venues)? Please list them. How are they defined? Which institutions can operate MTFs? Are there rules limiting access to those markets?***

According to Article 1 of the Law of Ukraine *On Capital Markets and Organized Commodity Markets*, a multilateral trading facility is a multilateral system managed by the operator of a multilateral trading facility and, in accordance with the procedure established by the NSSMC and in accordance with non-discretionary rules defined by such an operator of a multilateral trading facility, ensures the interaction of third parties regarding the purchase and sale of financial instruments (conclusion of derivative contracts), the result of which are contracts that are concluded in accordance with the procedure established by this Law.

In accordance with Articles 49, 51 of the Law, professional activity of organization of trading in financial instruments includes, in particular, the following types of activities:

4) activities related to organization of trading in securities on the stock multilateral trading facility;

5) activity on organization of conclusion of derivative contracts on a multilateral trading facility of derivative contracts.

A multilateral trading facility operator can only be:

1) an investment firm that has received an appropriate license to carry out the activity of organizing trading in financial instruments, provided for in paragraphs 4 and/or 5 of part 1 of Article 49 of this Law;

2) an operator of a regulated market that has received an appropriate license to carry out the activity of organizing trading in financial instruments, provided for in paragraphs 4 and/or 5 of part 1 of Article 49 of this Law, or a license to carry out the activity provided for in part 1 of Article 3 of the Law of Ukraine *On Commodity Exchanges*.

A multilateral trading facility participants can be investment firms and other persons the participation of which in trading is provided for by law.

• ***Which instruments can be traded on regulated markets? What are the conditions required for the admission of these instruments to listing on the regulated markets?***

According to Article 2 of the Law of Ukraine *On Capital Markets and Organized Commodity Markets*, an asset admitted to trading on a regulated market is securities admitted to trading on a regulated market, including derivative securities, derivative contracts, money market instruments and currency values.

In accordance with Section IV of the Regulation on Professional Activities of Organization of Trading in Financial Instruments, approved by the NSSMC Resolution dated 10.08.2023 № 879, registered by the Ministry of Justice of Ukraine

on 25.10.2023 № 1863/40919 (hereinafter - the Regulation), the procedure for the admission of securities to trading on a certain organized stock market, as well as the suspension and cancellation of such admission, is established by the rules of operation of the relevant organized stock market.

Admission of a security to trading on a certain organized stock market is carried out by entering it into the list of assets admitted to trading on such an organized stock market, except for the cases provided for in the Regulation.

Securities registered in the depository system may be admitted to trading on the organized stock market.

An application for the admission of a security (except for a security whose issuer is a stock exchange collective investment institution) to trading on the regulated stock market may be submitted by: the issuer in the process of issuing securities; by the issuer regarding the purchased securities; the offeror regarding the sale of securities owned by it.

An application for the admission of a security (except for a security of a foreign issuer, stock exchange collective investment institution) to trading on the regulated stock market is submitted on the condition that such a security is included in the list of securities for which a public offering has been made, the validity of the securities prospectus is approved by the NSSMC, and its publication, except for the cases specified by law, the Regulation and other regulatory legal acts.

A person which submits an application for the inclusion of a security in the list of assets admitted to trading on the regulated stock market shall provide the operator of the regulated stock market with the information necessary for the inclusion and keeping of the security in the list of assets admitted to trading on the regulated stock market.

The offeror, which submits an application for the inclusion of a security in the list of assets admitted to trading on the regulated stock market, provides the operator of the regulated stock market with the written consent of the issuer to include its security in the list of assets admitted to trading on the regulated stock market, and a decision on the issue of such a security. The issuer's written consent to the inclusion of its security in the list of assets admitted to trading on the regulated stock market must also contain the issuer's confirmation that it has been informed about the procedure for checking the securities that are on the list of assets admitted to trading on the regulated stock market, the requirements to the entry and keeping of securities in the list of assets admitted to trading on the regulated stock market, as well as compliance by the issuers of such securities with their obligations in accordance with the legislation on capital markets.

If the operator of the regulated stock market receives an application for the admission of a security (except for a security whose issuer is a stock exchange collective investment institution, a foreign issuer) to trading on the regulated stock market, the operator of the regulated stock market considers such an application in accordance with its rules. Based on the results of such consideration, the operator of

the regulated stock market makes a decision to register the application or to refuse to register the application. Registration of an application for the admission of a security to trading on the regulated stock market is considered admission of the security to trading on the regulated stock market.

The admission of a security (except for a security issued by a stock exchange collective investment institution) to trading on a regulated stock market by the operator of such a market, on the condition that public offering is made for such a security, is the basis for the admission of such a security to trading by another operator of another regulated stock market.

An application for the admission of a security, the issuer of which is a stock exchange collective investment institution, to trading on the regulated stock market, may be submitted by the issuer during the securities issue process; the issuer in relation to the purchased securities, a trading participant.

In the event that the operator of the regulated stock market receives an application for the admission of a security, the issuer of which is a stock exchange collective investment institution, a foreign issuer, to trading on the regulated stock market, the operator of the regulated stock market considers such an application in accordance with its rules. Based on the results of such consideration, the operator of the regulated stock market makes a decision to register the application or to refuse to register the application. Registration of an application for the admission of a security to trading on the regulated stock market is considered admission of the security to trading on the regulated stock market.

The entry and keeping of a security issued by a stock exchange collective investment institution in the list of assets admitted to trading on the regulated stock market is carried out in case of presence of a contract with the issuer, as well as on the condition of compliance with the following minimum requirements:

the value of the collective investment institution's net assets on the last day of the last reporting quarter is at least UAH 2,000,000;

information on the composition of assets of the collective investment institution is published daily on the website of the asset management company.

It is not allowed to include a security (except for a security of a foreign issuer) in the list of assets admitted to trading on the regulated stock market in the event that the issuer does not place the regular information in the database of the persons engaged in the activity of disclosing regulated information on behalf of capital market participants and professional participants of organized commodity markets, within the period established by law.

A security (except a security of a foreign issuer) for which a public offering has been made may continue to be included in the list of assets admitted to trading on the regulated stock market, provided that the issuer of such security discloses information in accordance with the requirements established by Articles 126 - 128 of the Law of Ukraine *On Capital Markets and Organized Commodity Markets*.

The operator of the regulated stock market may enter government securities into the list of assets admitted to trading on the regulated stock market, without checking their compliance with the requirements for entering and keeping of securities in the list of assets admitted to trading on the regulated stock market (including without registration of a securities prospectus).

The operator of the regulated stock market may establish additional requirements in its rules for entering and keeping securities in the list of assets admitted to trading on the regulated stock market, in particular, regarding the need for the issuer to comply with the principles of corporate governance, international standards of financial reporting.

- ***Which instruments can be traded on MTFs?***

According to Article 2 of the Law of Ukraine *On Capital Markets and Organized Commodity Markets*, an asset admitted to trading on a multilateral trading facility is securities admitted to trading on a multilateral trading facility, including derivative securities and derivative contracts.

In accordance with Section IV of Regulation on Professional Activities of Organization of Trading in Financial Instruments, approved by the NSSMC Resolution dated 10.08.2023 № 879, the procedure for admitting securities to trading on a certain organized stock market, as well as the suspension and cancellation of such an admission, is established by the rules of operation of the relevant organized stock market.

Admission of a security to trading on a certain organized stock market is carried out by entering it into the list of assets admitted to trading on such an organized stock market, except for the cases provided for in the Regulation.

Securities registered in the depository system may be admitted to trading on the organized stock market.

- ***Can EU-issuers be listed on regulated markets?***

In accordance with Section IV of the Regulation, the admission of securities of a foreign issuer to trading on the organized stock market may be carried out only in the case of admission of such securities to circulation on the territory of Ukraine in accordance with the procedure established by law.

The procedure for entering a security of a foreign issuer, admitted to circulation on the territory of Ukraine, to the list of assets admitted to trading on the organized stock market, and exclusion from it, the conditions for a security of a foreign issuer to be on such a list are established by the rules of operation of the organized stock market.

Entry and keeping of securities of foreign issuers (with the exception of international financial organizations) in the list of assets admitted to trading on the

regulated stock market are carried out in case of compliance with the following minimum requirements:

there is document confirming that the foreign issuer's securities are admitted to circulation on the territory of Ukraine;

a security of a foreign issuer is admitted to trading on at least one of the foreign regulated stock markets that are included in the List of foreign stock exchanges on which securities of foreign issuers must be admitted to circulation for their admission to circulation on the territory of Ukraine, approved by the NSSMC Resolution dated January, 21 2021 № 34, registered by the Ministry of Justice of Ukraine on March 23, 2021 № 379/36001.

Supervisory authorities

● *As regards the regulatory and supervisory framework, what are the main features of the legislation on the Securities Market? Is supervision considered to be satisfactory? As in banking (above), what steps are planned to address potential problems of co-operation between supervisors on a consolidated basis?*

● *Describe the powers and duties of supervisory authorities on the securities sector (to carry out on-the-spot inspections, to require supplementary information, to cooperate with third countries authorities). Which authority is in charge of supervising regulated markets and MTFs? Is it an independent authority? Which entities are subject to its supervision? Does the supervisory authority publish an annual report? Are supervisory authorities bound to secrecy as to information received from third countries competent authorities in particular? How many people are employed by these supervisory authorities? What are the professional qualifications required? What is its budget?*

● *What are the powers of intervention of the supervisory authority in cases of investment firms in difficulties?*

● *How is the supervisory authority's operational independence ensured?*

● *What are the supervisory authority's investigative powers?*

● *Is the supervisory authority capable of imposing administrative sanctions and measures?*

Sustainable Finance

● *Is a national sustainable finance strategy being developed and are there plans to adopt rules on Environmental, Social and Governance disclosures and benchmarks?*

● *Does your country follow the work on sustainable finance in the EU and at international level?*

In 2023, the NBU returned to the issue of updating the Sustainable Finance Development Policy 2025 (hereinafter referred to as the Policy), which was approved back in 2021. The Policy needs to be updated, as the martial law has made it necessary to postpone new requirements for banks and the real sector.

The World Bank is actively involved in updating the Policy offering technical assistance on the matter. Following a series of working sessions with the World Bank between July and October 2023, the NBU received proposals to revise the Policy and update the roadmap.

In particular, the World Bank's proposals for updating the Policy include tasks until 2026 inclusive and are structured in 6 blocks:

1) Regulatory steps: updating the guidelines on corporate governance and the regulation on risk management (in terms of ESG risk management); preparation and approval of ESG disclosure requirements

2) Supervision: drafting internal supervisory procedures for evaluating climate plans; ensuring oversight of the phased implementation of ESG requirements by both banks and nonbank financial institutions; incorporating climate risks into the Supervisory Review and Evaluation Process (SREP), including assessing banks' climate plans

3) Financial stability: Developing a "green dashboard"; analyzing banks' key indicators for physical and transition risks; incorporating a section on climate risks into the financial stability report; introducing climate-related stress tests

4) National/international cooperation: coordinating with other national/state and international stakeholders

5) Monetary policy: Researching tools and mechanisms for potential use in monetary policy, such as reserves management, lending operations, pricing, and minimum reserve requirements, and selecting the most effective ones

6) Raising awareness (communication block)

Digital Finance

● *Is a national digital finance strategy being developed and are there plans to adopt rules on crypto assets, digital currencies or digital operational resilience?*

The Verkhovna Rada of Ukraine passed Law of Ukraine No. 2074-IX *On Virtual Assets* dated 17 February 2022, but it has not taken effect as of 31 March 2024. Paragraph 53 of the Memorandum of Economic and Financial Policies dated 11 March 2024 stipulates that because the current legislation on virtual assets could pose risks to price stability and the effectiveness of monetary transmission, the NBU and the NSSMC by the end of 2024 will prepare an update of the legislation with input from IMF technical assistance and in consultation with IMF staff to align with international best practice while considering economic development goals and mitigating price and financial stability risks.

In 2021, the National Bank of Ukraine launched the E-Hryvnia project, which aims to aimed at identifying the need for a large-scale issue of NBU digital money (the e-hryvnia) in Ukraine. The project focuses on three options for using the e-hryvnia for retail cashless payments with the option of “programmable” money and

targeted social transfers, as well as using e-money for virtual asset circulation and, going forward, for cross-border payments.

Law of Ukraine *On Payment Services* stipulates that the digital money of the National Bank of Ukraine is an electronic form of the currency of Ukraine, the issuer of which is the National Bank of Ukraine.

The Verkhovna Rada of Ukraine is considering the draft Law of Ukraine *On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine regarding Regulation of Turnover of Virtual Assets in Ukraine* (registration № 10225 dated 07.11.2023), submitted to the Verkhovna Rada of Ukraine by People's Deputy of Ukraine Sova O.G., which provides for the establishment of rules for taxation of transactions with virtual assets, as well as the new wording of the Law of Ukraine *On Virtual Assets* in order to bring it into compliance with Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets.

Ukraine is equally committed to establishing a legal framework for crypto assets which will foster the growth of the crypto industry in a responsible way. A regulated crypto-based economy has enormous potential to stimulate economic growth, generate tax revenue for the government, and positively impact the overall development of the digital economy in Ukraine. An appropriate regulation will help this industry mature and move out of the so-called "gray area" into a legal framework, as well as will incentivize businesses to pay taxes.

To facilitate the growth of the crypto industry, Ukraine is set to adopt the draft law "On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Regarding the Regulation of the Turnover of Virtual Assets in Ukraine." A task force that includes representatives from the Ministry of Digital Transformation of Ukraine has already been established under the Committee on Finance, Tax, and Customs Policy.

The main task of this group is to revise the final version of the draft law, which is designed specifically for this new technology. Therefore, the main objective of the draft law is to provide regulatory clarity and reassurance to crypto businesses operating in what was previously a legal gray area.

This legislation is designed to significantly enhance market integrity by protecting consumers and industry professionals, preventing money laundering, and providing clear regulatory guidelines for the taxation of crypto assets. Taxing crypto assets is an important step in ensuring that the crypto market is considered as legitimate and seen as contributing to the public interest, especially during the Russian invasion of Ukraine.

● ***Does your country follow the work on digital finance in the EU and at international level?***

Ukraine has been keeping tabs on CBDC projects being implemented in the EU and at the international level, and exploring relevant outcomes.

Ukraine also monitors and studies newly issued EU acquis in this field, such as Regulation (EU) 2023/1113 and Regulation (EU) 2023/1114.

Undoubtedly, Ukraine is keeping pace with developments in this area both within the EU and internationally, paying close attention to global experiences. Representatives from the Ministry of Digital Transformation, along with officials from other government bodies, have actively participated in various events and workshops. These engagements have been particularly focused on creating a favorable regulatory environment for crypto assets in Ukraine, as well as on risk management in the area of money laundering.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

In the reporting period, the Verkhovna Rada of Ukraine passed, among other things, the following important Laws:

Law No. 3136-IX *On Amending the Law of Ukraine On Advertising and other laws of Ukraine Regarding the Implementation of European Legislation into the National Legislation of Ukraine through the Implementation of Certain Provisions of the European Union Legislation in the Field of Audiovisual Advertising (the European Convention on Transfrontier Television, Directive 2010/13/EU of the European Parliament and of the Council of 10 March 2010 as amended by Directive (EU) 2018/1808 of 14 November 2018)* dated 30 May 2023, which updates the Law of Ukraine *On Advertising* in terms of harmonizing its provisions with EU legislation, defines the legal framework for state administration, regulation and supervision (control) in the field of advertising. The Law establishes the powers of the NBU to determine the list of attributes that may indicate that the way information on the terms and conditions of financial services is presented makes it difficult to visually and audibly perceive, and to apply enforcement measures, including fines, in accordance with the procedure established by the NBU in case of violation of the Ukrainian legislation on advertising in financial services markets (except for the stock market)

Law No. 3474-IX *On Amendments to the Tax Code of Ukraine on Peculiarities of Taxation of Banks and Other Taxpayers* dated 21 November 2023, which introduces specific provisions regarding corporate income tax for banks. It mandates a one-time corporate income tax rate of 50 percent for banks for the tax year 2023 and establishes a baseline corporate income tax rate of 25 percent starting from the tax periods of 2024 for banks for:

- taxation of banks' profit
- taxation of the adjusted profit of the bank's controlled foreign company

- payment of income tax liability when banks pay dividends;

Law No. 3497–IX *On Amendments to the Law of Ukraine On Financial Mechanisms for Stimulating Exports Concerning Insurance of Investments in Ukraine against War Risks* dated 22 November 2023 expands the activities of the Export Credit Agency, specifically by introducing insurance and reinsurance against political and/or war risks of loans of Ukrainian business entities related to investments in the creation of facilities and infrastructure necessary to develop the manufacturing industry and exports of goods (works, and services) of Ukrainian origin. In addition, the Law introduces insurance and reinsurance of direct investments in Ukraine against political and/or war risks

Law No. 3498-IX *On Amendments to Certain Laws of Ukraine on Improving the State Regulation of Financial Services Markets* dated 22 November 2023, which, in particular, establishes the requirement to indicate in the consumer loan agreement information on the daily interest rate (except for consumer loans, the fulfillment of obligations under which is secured by collateral/mortgage or trusteeship), determines the procedure for its calculation and sets the maximum amount, which may not exceed 1% per day of the total loan amount, and also prohibits the lender and the new lender from demanding any payments not specified in the consumer loan agreement and/or not taken into account in the calculation of the daily interest rate specified in the consumer loan agreement.

Information on anti-corruption mainstreaming

Chapter 9 - Financial services: consider anti-money laundering rules, centralised bank account register, due diligence tests, investment schemes.

No relevant developments during the reporting period.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ prepare an asset quality assessment of the banking sector

On February 09, 2024, the NBU published the Report of Resilience Assessment of Ukraine's Banks in 2023 (in English and Ukrainian). This report presents bank-specific results of the resilience assessment and the required (target) capital adequacy ratios set by the NBU based on the assessment.

<https://bank.gov.ua/ua/news/all/zvit-pro-otsinku-stiykosti-bankiv-u-2023-rotsi>

→ strengthen the regulatory powers of the National Securities and Stock Market Commission, in line with the principles of the International Organisation of Securities Commissions

On February 22, 2024, the Verkhovna Rada of Ukraine adopted Draft Law № 5865 in the second reading and as a whole as Law of Ukraine № 3585-IX *On Amendments to the Law of Ukraine On State Regulation of Capital Markets and Organized Commodity Markets and Some Other Legislative Acts of Ukraine regarding Regulation and Supervision of Capital Markets and Organized Commodity Markets*, which provides for bringing domestic legislation into compliance with the Objectives and Principles of Securities Regulation of the International Organization of Securities Commissions (IOSCO), as well as the implementation of the provisions of EU Regulation № 596/2014 of 16.04.2014 (MAR) and the provisions of Regulations (EU) № 2017/1129 of June 14, 2017 (PR) and 648/2012 of July 4, 2012 (EMIR), EU Directive № 2014/65/EU of May 15, 2014 (MiFID II) and № 2004/109/EC of December 15, 2004 (TD) in terms of providing the regulator with the powers to supervise capital markets and prosecute violations of law.

→ continue efforts in alignment with the EU acquis, related to the regulation of banking and insurance sectors (including bank resolution and bank deposits guarantee schemes) and the regulation of securities markets, investment funds and investment services

The NBU Board approved regulation on the new capital structure of banks (NBU Board Resolution No. 196 *On the Procedure for Determining the Minimum Regulatory Capital by Ukrainian Banks* dated 28 December 2023) and on the introduction of prudential liquidity ratios (LCR and NSFR) on a consolidated basis (NBU Board Resolution No. 2 *On Approval of Amendments to Certain Regulatory Documents of the National Bank of Ukraine* dated 5 January 2024).

In order to implement the provisions of Law of Ukraine No. 1909-IX *On Insurance* dated 18 November 2021 and Law of Ukraine No. 1953-IX *On Financial Services and Finance Companies* dated 14 December 2021, which came into force on 1 January 2024, the NBU Board approved the amendments that clarify the new insurance classes, new requirements for solvency capital and minimum capital of the insurer, harmonize the requirements for an impeccable business reputation for the purposes of being included in the List of Insurers (Resolution No. 22 *On Amendments to NBU Board Resolution No. 18 dated 24 February 2022 dated 16 February 2024.*)

Currently, the DGF, the NBU, and World Bank advisors are working on legislative changes to fully implement Directive 2014/59/EU (BRRD).

The requirements for informing depositors about the deposit guarantee system in accordance with Directive 2014/49 have been fully implemented.

The requirements for stress testing of the deposit guarantee system in accordance with Directive 2014/49 and the EBA Methodology have been introduced.

The NSSMC is developing the draft Law of Ukraine on bringing the legislation of Ukraine into compliance with the EU legislation on investment funds.

Also, the NSSMC has developed draft resolutions On Amendments to the Requirements (Rules) for Securities Trading Activities: Brokerage, Dealer, Underwriting, Securities Management Activities; On Amendments to the Requirements for Contracts Concluded During the Conduct of Professional Activities on the Stock Market (Securities Market) - Securities Trading Activities: Brokerage Activities, Dealer Activities, Underwriting, Securities Management Activities.

In addition, the NSSMC Resolution dated 21.02.2024 № 208 *On Approval of Licensing Conditions for Conducting Professional Activities on Capital Markets - Financial Instruments Trading Activity* was registered by the Ministry of Justice of Ukraine on 11.03.2024 № 349/41694.

Besides, the NSSMC is analyzing and studying the issues related to the development of relevant regulatory legal acts regarding the registration of persons which intend to carry out the activities of the related agent, and the conditions for conducting such activities, the procedure and deadlines for submission of reporting data by operators of organized capital markets to the NSSMC, as well as the requirements for the head of the operator of the organized capital market and the Central Securities Depository and the procedure for approval of the candidate for his position by the NSSMC.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 2: Internal Market

**CHAPTER 28 – Consumer and
Health Protection**

EUWA

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1. CONSUMER PROTECTION

Answers to the Guiding Questions

Horizontal issues

Regulatory alignment

• *To what extent is national legislation aligned with current EU acquis in this area? In particular:*

• *Regulation (EU) 2017/2394 on cooperation between national authorities responsible for the enforcement of consumer protection laws*

In order to implement Regulation (EU) 2017/2394 Ukraine has to have a legal basis to have access to the relevant EU electronic database as well as to the mechanisms and procedures of cooperation with competent authorities of the EU Member States, which is currently absent.

Therefore, Regulation (EU) 2017/2394 can be fully implemented only when Ukraine is a Member State or has a special arrangement with the EU giving it the right of access to the electronic database and interaction with the competent authorities of the Member States and the Commission in implementing this Regulation.

• *Directive (EU) 2020/1828 on representative actions*

The relevant draft law introducing the mechanism of representative action for the protection of collective interests of consumers is currently under development.

• *Directive (2013/11/EU) on alternative dispute resolution (ADR) for consumer disputes*

A draft law on out-of-court settlement of consumer disputes is currently being developed (in accordance with Article 40 of the Law of Ukraine No. 3153 of 10 June 2023 «On the Protection of Consumer Rights»), which proposes the creation of a system for out-of-court settlement of consumer disputes, defining the interaction of all participants in the system and the conditions for its operation.

At the same time, Ukraine has a mediation mechanism established by the Law of Ukraine «On Mediation», which is also used for out-of-court settlement of consumer disputes.

Also, the State Service of Ukraine for Food Safety and Consumer Protection (SSUFSCP) (in accordance with its Regulations, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 667 of 2 September 2015) considers consumer complaints and takes measures to resolve them by checking compliance by economic entities conducting activities in the field of trade and services, the requirements of legislation on the protection of consumer rights, as well as the rules

of trade and provision of services. Based on the results of state supervision (control) measures, if necessary, fines are imposed on business entities in the sphere of trade and services for violation of legislation on the protection of consumer rights.

• ***Do you have any legal provisions on misleading and comparative advertising?***

The Law of Ukraine «On Advertising» implements the provisions of Directive 2006/114/EEC of the European Parliament and the Council of 12 December 2006 on misleading and comparative advertising, in particular on requirements for comparative advertising and misleading advertising.

The (SSUFSCP) monitors compliance with the legislation on advertising in terms of protecting the rights of advertising consumers, makes decisions on recognition of advertising as dishonest, hidden, on recognition of comparison in advertising as illegal with simultaneous stopping its spread.

The issues of misleading and comparative advertising are regulated by Articles 10 and 11 of the Law of Ukraine «On Advertising».

In the financial sector, the requirements for advertising, including misleading advertising, are set out in National Bank of Ukraine (NBU) Board Resolution No. 141 of 28 November 2019 “On Approval of the Regulation On Information Support for the Clients by Banks as Regards Banking and Other Financial Services”, and NBU Board Resolution No. 100 of 5 October 2021 “On Approval of the Regulation On Provision of Information by Financial Institutions to Consumers Regarding the Provision of Consumer Lending Services”.

Enforcement

• ***Who/what can stop illegal trade practices?***

The authorities of the National Police, the State Tax Service, the SSUFSCP and local self-government bodies have the right to stop illegal trade in accordance with the legislation.

• ***How is enforcement of consumer rights organised, including the safety of consumer products?***

The protection of consumer rights, including the safety of consumer goods in Ukraine, is organised according to the functional principle:

- the formation of state policy in the field of consumer rights protection, ensuring the formation and implementation of state policy in the field of state market supervision is provided by the Ministry of Economy of Ukraine (in accordance with its Regulation, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 459 of 20 August 2014);

- the implementation of state policy in the field of consumer rights protection, market supervision within the scope of its responsibility, state control over compliance with legislation on consumer rights protection is ensured by the SSUFSCP (in accordance with its Regulations, approved by the Cabinet of Ministers of Ukraine Resolution No. 667 of 2 September 2015).

The SSUFSCP exercises its powers directly and through its territorial bodies.

The legal and organizational principles of state market supervision and control of non-food products are regulated by the laws of Ukraine «On state market supervision and control of non-food products», «On general safety of non-food products» and other legal acts regulating relations in this area, including technical regulations.

Resolution of the Cabinet of Ministers of Ukraine No. 1069 of 28 December 2016 defines the list of types of products for which state market surveillance bodies carry out state market surveillance.

The sphere of responsibility of SSUFSCP, as a market surveillance body, is 51 technical regulations, which is the largest among ten market surveillance bodies.

• Is there any specific consumer protection authority and what is the remit of competence of this authority?

In accordance with the Law of Ukraine «On the Protection of Consumer Rights», the SSUFSCP carries out state control over compliance with legislation on the protection of consumer rights, ensures the implementation of state policy in the field of consumer rights protection, and has the right to:

- give business entities binding orders to stop violations of consumer rights;
- check compliance by business entities operating in the field of trade and services with the requirements of regulatory acts on product safety, as well as the rules of trade and provision of services by means of unhindered visits and inspections in accordance with the legislation of any production, trade and warehouse premises such entities;
- to take samples of goods, raw materials, materials, semi-finished products, component products from business entities in the field of trade and services for checking their quality on the spot or conducting an independent examination in relevant laboratories and other institutions accredited for the right to carry out such work in accordance with the legislation, with payment of the cost of samples and conducted research (expertise) at the expense of the state budget. If, based on the results of the research (expertise), the fact of the sale of products of inadequate quality and/or falsified is established, the audited business entity shall reimburse the costs incurred for this. Cost reimbursement funds are credited to the state budget;
- to carry out control checks on the correctness of settlements with consumers for sold products, including food products, in accordance with the law;

- to receive, free of charge, copies of the necessary documents that characterize the quality of products, raw materials, materials, and components used for the production of these products from the audited business entities;

- prohibit business entities from selling products to consumers:

- prohibit business entities from selling incorrectly labelled food products or unsuitable food products;

- which is falsified;

- make decisions about:

- termination by business entities of the sphere of trade and services for the sale and production of products that do not meet the requirements of normative legal acts regarding the safety of life, health and property of consumers and the natural environment - until the identified deficiencies are eliminated;

- temporary suspension of business entities in the field of trade (sections, departments), warehouse services of wholesale and retail trade enterprises and organizations, regardless of the form of ownership, that systematically sell goods of inadequate quality, violate the rules of trade and provision of services, conditions of storage and transportation of goods, - to eliminate identified deficiencies;

- to seal, in accordance with the procedure provided for by law, production, warehouse, trade and other premises of economic entities in the field of trade and services, including the restaurant industry, as well as defective ones, with incorrect indications, with a damaged certification mark or without it, or with such, the validity period of which has expired, means of measuring equipment, with the help of which consumer service is carried out, with further notification of this to the central executive body implementing the state policy in the field of metrological supervision;

- file lawsuits in court regarding the protection of consumer rights;

- to transfer the materials of checks on the actions of persons containing signs of a criminal offence to the bodies of pre-trial investigation;

- to impose administrative fines on guilty persons in cases provided for by law.

- to impose on business entities in the sphere of trade and services, including the restaurant industry, penalties provided for in Article 23 of the Law of Ukraine «On the Protection of Consumer Rights»;

- exercise control over the disclosure by the construction customer (construction developer, manager of the construction financing fund) of information about the divisible object of unfinished construction (apartment building) and impose a fine for violating the requirements for the disclosure of such information.

In accordance with the Regulation on SSUFSCP, approved by Resolution of the Cabinet of Ministers of Ukraine No. 667 of 2 September 2015, SSUFSCP, in accordance with the tasks assigned to it:

- in the field of state supervision (control) over compliance with legislation on

the protection of consumer rights (including consumers of products made of precious metals and precious stones):

- verifies compliance by business entities engaged in trade and services with the requirements of legislation on the protection of consumer rights, as well as the rules of trade and provision of services;
- conducts control checks of correctness of payments with consumers for sold products in accordance with the law;
- imposes fines on business entities in the sphere of trade and services, including the restaurant industry, for violation of legislation on the protection of consumer rights;
- transfers the materials of checks on the actions of persons containing signs of a criminal offense to the bodies of pre-trial investigation;
- in the field of state market supervision:
 - organizes the development of draft sectoral market surveillance plans, approves sectoral market surveillance plans, monitors the implementation and reviews of such plans;
 - monitors, in accordance with the legislation, the causes and number of requests from consumers (users) to protect their right to product safety, the causes and number of accidents and cases of harm to people's health as a result of consuming products (using them);
 - conducts checks of product characteristics, including selecting product samples and ensuring their examination (testing);
 - verifies compliance with the requirements for the presentation of products at the place of holding a fair, exhibition, display or demonstration in another way of products that do not meet the established requirements, and in cases defined by law, issues orders for the immediate elimination of violations of the requirements for the presentation of such products and makes a decision on the immediate termination of the presentation of these products at the place of the relevant fair, exhibition, display or demonstration of the products in another way, conducts checks on the compliance of business entities with the relevant prescriptions and decisions;
 - makes, in the cases and in the manner specified by law, decisions on the adoption of restrictive (corrective) measures, monitors the state of implementation of these decisions by business entities;
 - monitors the actions of business entities regarding withdrawal from circulation and/or recall of products, in respect of which a decision to withdraw from circulation and/or recall has been made;
 - takes appropriate measures to timely warn consumers (users) about the detected danger posed by the product;
 - takes measures to establish cooperation with business entities regarding the prevention or reduction of risks posed by the products provided by these business

entities on the market;

- takes measures to prosecute persons guilty of violating established requirements in accordance with the procedure established by law;

- sends inspection materials to law enforcement agencies to resolve issues of bringing to criminal responsibility persons whose actions contain signs of a criminal offence;

- summarizes the results of market surveillance, analyses the causes of detected violations, develops and submits in the prescribed manner proposals for revising the established requirements, if they do not provide an adequate level of protection of public interests;

- provides training, retraining and advanced training of officials who carry out market supervision;

- develops and implements measures aimed at increasing the effectiveness of its market surveillance activities;

- informs state bodies, local self-government bodies and the public about the results of market surveillance;

- in the field of compliance with the requirements of advertising legislation in terms of protecting the rights of advertising consumers:

supervises compliance with the legislation on advertising in terms of the protection of the rights of advertising consumers, makes a decision on recognition of advertising as dishonest, hidden, on recognition of comparison in advertising as illegal, and at the same time stopping its distribution.

• *Are there any other sector-specific authorities responsible for the protection of consumers in specific goods and services sectors?*

As of 31 March 2024, the NBU and the National Securities and Stock Market Commission (NSSMC) are responsible for protecting the rights of financial services consumers in the areas of financial services, capital markets and commodity markets.

According to the Law of Ukraine «On the National Bank of Ukraine» NBU:

protects the rights of consumers of financial services provided by banks, as well as other financial institutions and persons who are not financial institutions, but have the right to provide separate financial services, the state regulation and supervision of which is carried out by the NBU;

supervises compliance by banks, other financial institutions, persons who are not financial institutions but have the right to provide separate financial services, and collection companies with the legislation on the protection of the rights of consumers of financial services, including requirements for interaction with consumers in the settlement of overdue debts (requirements for ethical behaviour);

protects the rights of consumers of payment services and limited payment services, as well as supervises compliance by providers of payment and limited payment services with legislation on the protection of consumer rights.

One of the main tasks of the National Energy and Utilities Regulatory Commission (NEURC) is to ensure the protection of the rights and legitimate interests of consumers of goods (services) that are produced (provided) by business entities operating in the energy sector and utilities, by considering consumer appeals and settling disputes, establishing minimum standards and requirements for the quality of customer service and supply of natural gas, electricity and thermal energy, implementation of monitoring of their compliance; providing consumers with access to information on prices/tariffs in the areas of electricity supply, natural gas, heat supply, centralized water supply and drainage.

The powers of the National Commission that carries out state regulation in the spheres of electronic communications, radio frequency spectrum and the provision of postal services (NCEC) in the field of consumer rights protection are established by the Law of Ukraine «On the National Commission that carries out state regulation in the spheres of electronic communications, radio frequency spectrum and provision of services», the Law of Ukraine «On Electronic Communications», the Law of Ukraine «On Postal Communications».

NCEC carries out state regulation, as well as state supervision (control) regarding the detection and prevention of violations of legal requirements by business entities and the provision of public interests in the fields of electronic communications, radio frequency spectrum, and the provision of postal services.

The law on the regulator, in particular, defines that the main tasks of NCEC are to ensure the protection of consumers' rights to receive services of appropriate quality in accordance with the requirements of the law, to ensure (if necessary - jointly with other state authorities in accordance with their powers), to take measures to protect rights provided for by law consumers, including:

a) out-of-court settlement of disputes between providers of electronic communication services and consumers related to the performance of contracts for the provision of electronic communication services; out-of-court settlement of disputes related to access to the infrastructure of access objects for the location of technical means of electronic communications for the purpose of providing electronic communication services, joint use of the infrastructure of electronic communication networks;

b) organizing monitoring of the quality of electronic communication services or ordering such works from a state enterprise belonging to the sphere of its management, monitoring compliance by suppliers of electronic communication services with requirements regarding the publication of information about the quality of the services they provide;

c) ensuring the creation and provision of free (free) access to an independent electronic information resource for end users to compare the conditions of provision

and quality of Internet access services and interpersonal electronic communications services using numbering provided by various electronic communications service providers;

d) consideration, analysis and summarization of appeals and proposals of consumers on matters belonging to his competence, taking response measures based on the results of their consideration.

Additionally, another instrument for consumer protection for number-dependent interpersonal communication services is the Number Portability service (more particularly – MNP), which has been successfully operational in Ukraine since mid 2019. Since its inception, around 400 000 numbers have been ported.

• *Are those competent bodies allowed to receive and act upon complaints by consumers and consumer associations?*

According to the Law of Ukraine «On Appeals of Citizens», citizens of Ukraine have the right to appeal to state authorities, local self-governments, associations of citizens, enterprises, institutions, organizations regardless of ownership, media, and officials in accordance with their functional duties with comments, complaints and proposals related to their statutory activities, a statement or petition regarding the realization of their socio-economic, political and personal rights and legal interests, and a complaint about their violation.

Bodies of state power, local self-government and their officials, managers and officials of enterprises, institutions, organizations, regardless of the form of ownership, associations of citizens, whose powers include consideration of applications (petitions), are obliged to consider them objectively and in a timely manner, check the facts stated in them, make decisions in accordance with the current legislation and ensure their implementation, inform citizens about the consequences of consideration of applications (petitions).

The SSUFSCP, in accordance with the tasks assigned to it, reviews citizens' appeals on issues related to the activities of the State Production and Consumer Service, its territorial bodies, as well as enterprises, institutions and organizations belonging to the sphere of its management, and the Ministry of Economy - reviews citizens' appeals on issues related to the activities of the Ministry of Economy, enterprises, institutions and organizations belonging to the sphere of its management.

An application by an individual (individual) about a violation that caused damage to his rights, legitimate interests, life or health, environment or state security, with the addition of documents or their copies confirming such violations (if available) is the basis for the implementation of unplanned measures state supervision (control) over business entities (Law of Ukraine «On the basic principles of state supervision (control) in the sphere of economic activity»).

On the basis of appeals from citizens, SSUFSCP has the authority to carry out

inspections of compliance by business entities with the requirements of legislation on the protection of consumer rights in order to restore violated consumer rights.

Taking into account the functions assigned to the NBU to protect consumer rights and supervise compliance with Ukrainian legislation on consumer protection in the field of financial and payment services, the NBU considers and responds to appeals/inquiries from individuals and legal persons, associations of citizens without legal person status regarding the activities of participants of the financial services market, the payment market, and collection companies.

The review of appeals and settlement of disputes by the NEURC is based on the principles of legality, competence, justice, non-discrimination, openness and transparency, impartiality and objectivity, responsibility for the decisions made.

During the review of the appeal, the NEURC, has the right to hold preliminary hearings involving the parties to the dispute and, if necessary, to carry out state control measures.

Based on the results of processing the appeals, the NEURC, provides consumers with comprehensive answers to the issues raised by them, in particular, thorough explanations of the norms of the current legislation. In case of confirmation of the facts of violations of the legislation and the corresponding license conditions by the decision of the NEURC, the violators are issued prescriptions (commitments) regarding the need to eliminate the violations and bring the licensees' actions into compliance with the norms of the current legislation and/ or sanctions are applied in the form of: warning; license cancellation; imposition of a fine.

In order to fulfil its powers, NCEC may receive free of charge, in particular, in accordance with the Law of Ukraine «On the National Commission Carrying Out State Regulation in the Fields of Electronic Communications, Radio Frequency Spectrum and Provision of Services» and other laws of Ukraine from suppliers of electronic communication networks and services, users of the radio frequency spectrum, users of the numbering resource, operators of postal services, information, in particular, information containing financial and economic indicators, information with limited access, with the provision of information protection in accordance with the law.

According to the Law of Ukraine «On Electronic Communications», the decision of NCEC to conduct an unscheduled inspection must be made in case of receipt of a substantiated request with the addition of supporting documents or their copies (if available) from the end user of electronic communication services, users of the radio frequency spectrum, providers of electronic communication networks and /or services about violations of rights or legitimate interests provided for by the legislation on electronic communications and/or the radio frequency spectrum (except for issues related to out-of-court settlement of disputes between providers of electronic communication networks and/or services provided for by this Law).

According to the Law of Ukraine «On Postal Communications», the reason for carrying out unscheduled measures is, in particular, an appeal by an individual

(persons) related to a violation that caused damage to his (her) rights, legitimate interests, life or health, natural environment or state security.

• *Do these bodies have sufficient independence in their constitution?*

State authorities and local self-government bodies, their officials are obliged to act only on the basis, within the limits of authority and in the manner provided by the Constitution and laws of Ukraine.

In accordance with the Regulation on the State Service of Ukraine on Food Safety and Consumer Protection, approved by Resolution of the Cabinet of Ministers of Ukraine No. 667 of 2 September 2015, the SSUFSCP is the central body of the executive power, whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine and which implements state policy, in particular in the field of state control over compliance with legislation on the protection of consumer rights and advertising in this field.

According to the Regulation on the Ministry of Economy of Ukraine, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 459 of 20 August 2014, the Ministry of Economy of Ukraine is the central body of the executive power, the activities of which are directed and coordinated by the Cabinet of Ministers of Ukraine. The Ministry of Economy is the main body in the system of central bodies of executive power, which ensures the formation of state policy in the field of consumer rights protection.

In accordance with the Law of Ukraine «On the National Commission for the State Regulation of Electronic Communications, Radio Frequency Spectrum and the Provision of Postal Services », NCEC acts independently within the limits set by law during the performance of its powers. Illegal interference in the activities of state authorities, authorities of the Autonomous Republic of Crimea, local self-government bodies, their officials and employees, political parties, associations of citizens, enterprises, institutions, organizations and institutions is prohibited.

NCEC independently distributes budget funds allocated to it for the relevant year and disposes of them.

Members of NCEC, other officials of the regulatory body do not have the right to directly or indirectly own the corporate rights of any business entities operating in the fields of electronic communications, radio frequency spectrum and the provision of postal services, in accordance with the Law of Ukraine «On Prevention of Corruption».

The activities of NCEC are legally separated from any activities related to the ownership or control of the state over business entities that provide electronic communication services or postal services.

• *Do these bodies have adequate financing? What is the breakdown between country-specific and EU specific funds? What EU support is / has been / will be*

used (aim, amount, duration)? If not used, why?

Financing and material and technical support of the SSUFSCP are carried out at the expense of the State Budget of Ukraine.

Information on the use of budget funds is posted on the official website of SSUFSCP at the following link: <http://surl.li/skmvz>.

Information about international technical assistance projects is posted on the official website of the State Production and Consumer Service at the following link: <http://surl.li/skmpx>.

Article 18 of the Law of Ukraine «On the National Commission Carrying Out State Regulation in the Fields of Electronic Communications, Radio Frequency Spectrum and Service Provision» stipulates that NCEC is financed from the state budget.

In particular, the Law defines the following algorithm, according to which the NCEC budget is formed:

- NCEC approves the draft estimate for the next year no later than July 1 of the current year. After approval, the draft estimate together with the budget request is submitted to the Ministry of Finance for inclusion in the draft State Budget of Ukraine for the corresponding year. NCEC approves the estimate after the entry into force of the Law of Ukraine on the State Budget of Ukraine for the relevant year and places it on its official website.

- The Ministry of Finance, at the request of the NCEC, makes changes to the state budget estimate and plan (except for the own revenues of budgetary institutions and corresponding expenses) of the NCEC and corresponding changes to the schedule of the state budget.

Article 19 of the Law stipulates that the remuneration of NCEC members and employees of the NCEC apparatus should provide sufficient material conditions for their independent performance of official duties and stimulate conscientious work.

• *Do these bodies have adequate resources? In particular:*

• *human resources (number, education and training, regular training, etc)?*

The number of employees of the SSUFSCP is determined in accordance with the approved staff list. However, in connection with the optimization of the system of state executive bodies, the issue of the shortage of civil servants and employees of SSUFSCP, the disproportionate burden on inspectors remains relevant.

For example, as of 1 January 2024, the number of on-site market surveillance units is 142 units. In fact, 94 specialists are working, which is 66 percent of the full-time workforce.

When recruiting future employees of SSUFSCP, certain requirements are set, for example: level of education, knowledge of legislation, computer literacy, command of a state/foreign language, etc.

Consumer protection in the sectors, the state regulation of which falls under the authority of NCEC is ensured by a specialised independent structural unit consisting of 8 full-time employees (Division for citizens' appeals) which is supported by functional independent structural departments ensuring state regulation (in the fields of electronic communications, radio frequency spectrum and the provision of postal services), and is also assisted by units that provide legal support, documentary, logistical, financial, personnel, information and other support.

This being said: the staffing of NCEC as of 4 April 2024 is at 87%; the share of specialists a master's degree is 94%; the number of specialists with a scientific degree – 4; the share of specialists who received professional training during 2023 – 98%.

The average indicator of the amount of training of employees during 2023 is 2.4 credits of the European credit transfer and accumulation system. Distribution of employees by education as of end of 2023: 53% - technical, 21% - economics, 13% - legal, 13% - humanities.

• *capacity in particular online inspection tools, IT systems to manage complaints handling, produce statistics, etc.?*

All workplaces of employees of the SSUFSCP and its territorial bodies are equipped with computer equipment connected to the Internet.

SSUFSCP has a system of electronic document circulation, which, among other things, provides the possibility of managing the consideration of citizens' appeals, creating statistical data. It is possible for consumers to submit complaints online by filling out the appropriate web form on the official websites of SSUFSCP and its territorial bodies.

The use of online inspection tools in the implementation of supervision (control) measures is not provided for at the legislative level.

Video recording is carried out by inspectors during the implementation of supervision (control) measures.

NCEC considers appeals (complaints) of consumers in electronic form and can efficiently create statistics.

• *planning and priority-setting capacity?*

The main tasks and priorities of activity are established annually and are reflected in the work plans of SSUFSCP for the corresponding year. They contain specific deadlines for the completion of tasks and priorities and identify specific responsible performers.

Such plans are published on the official website of the State Production and Consumer Service.

Market surveillance is carried out in accordance with sectoral market surveillance plans, which are approved annually by market surveillance bodies in accordance with their areas of responsibility (Article 20 of the Law of Ukraine «On

State Market Surveillance and Control of Non-Food Products»).

The sectoral market surveillance plan covers types (types), categories and/or groups of products in accordance with the spheres of responsibility of market surveillance bodies and determines the belonging of these types of products to a certain degree of risk.

Sectoral market surveillance plans consist of a market surveillance plan and a product control plan.

NCEC annually plans/reviews its priority tasks. In addition, the Regulator annually plans its activities in separate directions, such as preparation of draft regulatory acts or participation in international events, etc. Individual independent structural units plan their activities, which is correlated with their functions, the priority tasks of the Regulator, as well as the priorities established by the Government.

• capacity to ensure the coordination between the different authorities and departments concerned for implementing consumer protection regulation, as well as with other authorities for example on online fraud issues, etc.?

The SSUFSCP, while performing the tasks assigned to it, interacts with other state bodies, local self-government bodies, public associations, trade unions and employers' organizations, relevant bodies of foreign states and international organizations, as well as with enterprises, institutions and organizations.

The Regulator interacts with state authorities and local self-government bodies on issues within its competence, including the Antimonopoly Committee of Ukraine and financial control bodies related to market investigations in the fields of electronic communications, radio frequency spectrum and the provision of postal services as well as with the central executive body implementing state policy in the field of state control over compliance with legislation on the protection of consumer rights and other state authorities in the cases provided by law.

The Regulator's interaction with bodies is carried out by means of:

- 1) exchange of information necessary for the exercise of powers in the fields of electronic communications, radio frequency spectrum and provision of postal services;
- 2) providing, at the request of the Regulator, information necessary for the performance of functions provided for by law;
- 3) consultations;
- 4) signing memorandums of cooperation;
- 5) carrying out other measures prescribed by the law.

• *Do these bodies produce regular reports on their enforcement activities? and priorities? Including detailed complaints statistics (sector, legal issue, etc.)? How accessible to consumers are these reports?*

The following are published on the official website of the SSUFSCP:

- annual reports on the results of supervision (control) measures in the relevant areas;
- annual reports on work with citizens' appeals;
- reports on work with requests for public information;
- work plan of SSUFSCP for the relevant year;
- sectoral market surveillance plans (also published in printed media).

Expert opinions on the advertising of goods (services) are posted in general access for consumers on the website of SSUFSCP.

Due to the introduction of martial law in Ukraine, access to some sections of the official website of SSUFSCP is temporarily restricted.

The report on the activities of NCEC is published every year, no later than 1 April, and contains, i.a., information on measures of state supervision, application of sanctions, protection of consumer rights, etc. In particular, the 2023 NCEC Report (https://nkrzi.gov.ua/images/upload/820/11110/NCEC_AR23_web.pdf) includes a separate section on consumer rights protection.

Pursuant to Article 25 part three paragraph 5 of the Law of Ukraine On Financial Services and Financial Companies (effective 1 January 2024), the regulator of the respective financial services market summarizes the practice of applying the legislation on consumer rights protection, and posts on its official website the overviews of typical violations of the rights and legitimate interests of consumers based on said summaries.

For consumers, the NBU's website at <https://bank.gov.ua/en/consumer-protection> provides free access to relevant information, including quarterly and annual reports on handling appeals and inquiries for public information, an overview of the practice of applying legislation on the protection of financial services consumers, and other useful information.

• *What investigation powers do those authorities have (e.g., compel testimony, compel information from business and third parties, enter premises, block web sites, do mystery shopping etc.)?*

In accordance with the Law of Ukraine «On the Protection of Consumer Rights», SSUFSCP carries out state control over compliance with legislation on the protection of consumer rights, ensures the implementation of state policy in the field of consumer rights protection, and has the right to:

- check compliance by business entities operating in the field of trade and

services with the requirements of regulatory acts on product safety, as well as the rules of trade and provision of services by means of unhindered visits and inspections in accordance with the legislation of any production, trade and warehouse premises such entities;

- to take samples of goods, raw materials, materials, semi-finished products, component products from business entities in the field of trade and services for checking their quality on the spot or conducting an independent examination in relevant laboratories and other institutions accredited for the right to carry out such work in accordance with the legislation, with payment of the cost of samples and conducted research (expertise) at the expense of the state budget;

- to carry out control checks on the correctness of settlements with consumers for sold products, including food products, in accordance with the law;

- to receive, free of charge, copies of the necessary documents that characterize the quality of products, raw materials, materials, and components used for the production of these products from the audited business entities;

- prohibit business entities from selling products to consumers:

- prohibit business entities from selling incorrectly labeled food products or unsuitable food products;

- which is falsified;

- make decisions about:

- cessation by business entities of the sphere of trade and services for the sale and production of products that do not meet the requirements of regulatory and legal acts regarding the safety of life, health and property of consumers and the natural environment - until the identified deficiencies are eliminated;

- temporary suspension of business entities in the field of trade (sections, departments), warehouse services of wholesale and retail trade enterprises and organizations, regardless of the form of ownership, that systematically sell goods of inadequate quality, violate the rules of trade and provision of services, conditions of storage and transportation of goods, - to eliminate identified deficiencies;

- to seal, in accordance with the procedure provided for by law, production, warehouse, trade and other premises of economic entities in the field of trade and services, including the restaurant industry, as well as defective ones, with incorrect indications, with a damaged certification mark or without it, or with such , the validity period of which has expired, means of measuring equipment, with the help of which consumer service is carried out, with further notification of this to the central executive body implementing the state policy in the field of metrological supervision.

On 10 June 2023, the Verkhovna Rada of Ukraine adopted Law of Ukraine No. 3153 «On the Protection of Consumer Rights», which provides for the right of the State Production and Consumer Service to apply to the Internet service provider to restrict access to the website (parts of the website, software) of the business entity,

on which lacks information about its name and location, and restoration of access in the event of such information being posted.

In accordance with the Law of Ukraine «On the National Commission for the State Regulation of Electronic Communications, Radio Frequency Spectrum and the Provision of Postal Services », NCEC and its authorized officials have the authority to:

1) to receive free of charge from central and local executive authorities, authorities of the Autonomous Republic of Crimea, and local self-government bodies documents, materials, general and perspective settlement plans, statistical and other information necessary for the exercise of powers provided for by the law;

2) to receive free of charge from providers of electronic communication networks and services, users of the radio frequency spectrum, users of the numbering resource, operators of postal services:

a) reporting information required by law in the forms and procedure determined by the Regulator;

b) information necessary for the performance of its powers, including financial and economic indicators, information with limited access, ensuring information protection in accordance with the law;

3) to request and receive from providers of electronic communication networks and services, users of the radio frequency spectrum, users of the numbering resource and postal operators, as well as from executive authorities, information, including of a financial nature, for statistical and other reports, such as the Digital Economy and Society Index (DESI), with the right to provide such information to relevant institutions of the European Union or other foreign and international organizations, national regulatory authorities of other countries.

In accordance with the Law of Ukraine «On Electronic Communications», in order to carry out state supervision (control) of compliance with the legislation on electronic communications and the radio frequency spectrum, authorized officials of NCEC have the right, in particular:

- to access the territory, production, service, administrative premises of providers of electronic communication networks and/or services, users of the radio frequency spectrum;

- to carry out an inspection of territories, premises used for carrying out activities in the field of electronic communications and radio frequency spectrum, networks and means of electronic communications, radio equipment/radio-emitting devices, as well as documents related to the matters of inspection;

- to check compliance with the requirements of the legislation on electronic communications and radio frequency spectrum;

- to receive free of charge information, oral and written explanations and other materials necessary to verify compliance with the requirements of the legislation on electronic communications and radio frequency spectrum from the entity subject to

state supervision (control) and its officials;

- to receive documents, materials, statistical and other information necessary for the performance of the functions of the Regulator free of charge from central and local executive bodies, executive bodies of the Autonomous Republic of Crimea and local self-government bodies;

- to use, in accordance with the law, technical means for state supervision (control), to record the supervision process or each individual action by means of audio and video equipment;

- to involve third parties, if necessary, in the implementation of measures of state supervision (control);

- to demand from the person subject to state supervision (control) the cessation of established violations, to issue, within the limits of his authority, mandatory prescriptions and orders to eliminate violations of the law on electronic communications and the radio frequency spectrum;

- to carry out tests by measurement and/or observation of the parameters of electronic communication networks, the quality of electronic communication services, the order of traffic routing and calculation of indicators of the quality of electronic communication services provided by law in the manner determined by the Regulator;

- to demand the cessation of actions that prevent the implementation of state supervision (control);

- other rights defined by the Code of Ukraine on Administrative Offences.

In accordance with the Law of Ukraine «On Postal Communications», NCEC carries out state supervision (control) of compliance with legislation in the field of providing postal services in accordance with the Law of Ukraine «On Basic Principles of State Supervision (Control) in the Field of Economic Activity».

At the same time, NCEC, within the limits of the powers provided for by the Law of Ukraine «On the Basic Principles of State Supervision (Control) in the Field of Economic Activity», during the exercise of state supervision (control) has the right to:

- to demand from the business entity the elimination of detected violations of the law;

- to demand the cessation of actions that prevent the implementation of state supervision (control);

- to select product samples, appoint an examination, receive explanations, certificates, documents, materials, information on issues arising during state supervision (control), in the cases and in the order determined by law;

- to provide (send) binding orders to business entities to eliminate violations

and deficiencies;

- to apply sanctions to economic entities, their officials and take other measures within the limits and in the manner determined by law.

Under Article 23 part four of the Law of Ukraine On Financial Services and Financial Companies, the NBU carries out supervision over the provision of financial and/or support services in the form of offsite supervision and inspections.

The law also provides that the NBU has the right to request information, documents, and explanations, including those related to the facts cited in the applications, from nonbank financial institutions and legal persons other than financial institutions that are entitled to provide certain financial services that are subject to regulation and supervision by the NBU.

• ***What enforcement powers do those authorities have (e.g., possibility to impose civil or administrative penalties, possibility to initiate proceedings, etc.)?***

In accordance with the Law of Ukraine «On the Protection of Consumer Rights», the SSUFSCP carries out state control over compliance with legislation on the protection of consumer rights, ensures the implementation of state policy in the field of consumer rights protection, and has the right to:

- give business entities binding orders to stop violations of consumer rights;
- file lawsuits in court regarding the protection of consumer rights;
- to transfer the materials of checks on the actions of persons containing signs of a criminal offense to the bodies of pre-trial investigation;
- to impose administrative fines on guilty persons in cases provided for by law;
- to impose on business entities in the sphere of trade and services, including the restaurant industry, penalties provided for in Article 23 of the Law of Ukraine «On the Protection of Consumer Rights»;
- exercise control over the disclosure by the construction customer (construction developer, manager of the construction financing fund) of information about the divisible object of unfinished construction (apartment building) and impose a fine for violating the requirements for the disclosure of such information.

NCEC applies administrative and economic sanctions for violation of the requirements of the Law of Ukraine «On Electronic Communications» and regulations issued pursuant to it.

According to the Law of Ukraine «National Commission for the State Regulation of Electronic Communications, Radio Frequency Spectrum and the Provision of Postal Services », the NCEC's powers include, in particular, consideration, in accordance with the law, of cases of violations of legislation in the fields of electronic communications, radio frequency spectrum and the provision of postal services, the application of administrative fines within the limits of its powers in accordance with the Code of Ukraine on Administrative Offences as well as of

administrative and economic sanctions defined by the law.

The Law of Ukraine «On Postal Communications» provides for liability for violations of legislation in the field of providing postal services. Persons guilty of violating legislation in the field of providing postal services shall bear civil, administrative or criminal liability in accordance with the law.

The NBU is authorized to impose corrective actions on providers of financial and related services for violations of consumer rights pursuant to Article 28 of the Law of Ukraine On Financial Services and Financial Companies.

For violations of consumer rights by banks, the NBU has the right to apply corrective actions such as written warnings and fines (Article 73 of the Law of Ukraine “On Banks and Banking”).

Pursuant to Article 24 part five of the Law of Ukraine On Advertising, the NBU is within its right, as per procedure established by it, to apply corrective actions, including by imposing a fine in line with the legislation that regulates financial services market activities (except for advertising financial instruments, capital markets, and regulated commodity markets).

Under Article 156¹ parts five and six of the Code of Administrative Offences, the NBU also has the right to impose administrative fines on authorized persons.

Governance, consumer awareness-raising, capacity-building

• Is there any framework for enforcement cooperation between authorities and other bodies, e.g., consumer associations, out-of-court dispute resolution bodies, at national level? What are the deliverables? How accessible to consumers are these deliverables? What is the meeting frequency?

The Law of Ukraine «On the Protection of Consumer Rights» also regulates the powers of public associations of consumers and their interaction with authorized state bodies.

Public associations of consumers have the right to:

- carry out independently or contact authorized state bodies regarding examination and testing of products;
- to receive from executive authorities, local self-government bodies the information necessary for the realization of their goals and tasks;
- to assist relevant state bodies in monitoring the quality of products and services;
- to make proposals for the development of normative legal acts that establish requirements for product quality;
- to represent and protect the interests of consumers in the bodies of executive power and local self-government bodies in accordance with the legislation;
- to submit proposals to executive authorities and business entities on measures

to improve the quality of products, on the temporary suspension of the production and sale of products that do not meet the established quality requirements, on the cessation of production, withdrawal from sale of products that pose a danger to life, health I and the property of citizens or cause damage to the surrounding natural environment, falsified and defective products, as well as about price adjustments established in violation of legislation;

- appeal to law enforcement agencies and executive authorities to bring to justice persons guilty of producing and selling products of inadequate quality.

Cooperation between consumer associations and the SSUFSCP is carried out on a permanent basis, since SSUFSCP has established a Public Council, which includes representatives of the said associations.

Urgent issues of consumer rights protection, including consultations, recommendations, changes in legislation, are regularly covered on the official website of SSUFSCP.

On 10 June 2023, the Verkhovna Rada of Ukraine adopted Law of Ukraine No. 3153 «On the Protection of Consumer Rights». The law lays the groundwork for the creation and functioning of a mechanism for out-of-court settlement of consumer disputes in Ukraine. Currently, a corresponding draft law is being developed for the purpose of implementing Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative resolution of consumer disputes.

At the same time, Ukraine has a mediation mechanism established by the Law of Ukraine «On Mediation», which is also used for out-of-court settlement of consumer disputes.

• *Does the government invest in education, information and awareness-raising on consumers' rights? and how to exercise them?*

The government is responsible for education and awareness of citizens regarding consumer rights and their protection mechanisms at the state, regional, district, and local levels:

- on the official websites of state bodies and regional state administrations, sections on the protection of consumer rights have been created and are constantly updated;

- issues of consumer rights protection are included in local programs of socio-economic and cultural development of cities and districts of oblasts;

- consultation and information services «hotline» on issues of consumer rights protection were created in local executive bodies, where consumers can get advice;

- through mass media and Internet resources (own websites, Facebook network), regional state administrations and local self-government bodies carry out information and educational activities among the population.

The SSUFSCP is constantly working to raise awareness of consumer rights through publications on the official website, in the media, providing written explanations to citizens' appeals, interacting with the Public Council under SSUFSCP, holding round tables, training seminars, etc.

Issues of consumer rights protection are included in the State Standards of primary, basic and general secondary education. In particular, they are considered in detail during the study of subjects: «I explore the world» in elementary school; «Health, Safety and Wellbeing» «Entrepreneurship and Financial Literacy» - in elementary school and the subjects «Civic Education», «Economics» and «Financial Literacy» in high school.

Thanks to the joint EU-UNDP project «Community of consumers and public associations», which was implemented in Ukraine in 2010, the promotion of the trend of consumer rights protection in the education system, which involved the introduction of consumer knowledge into the content of general education and higher education in Ukraine, began.

Awareness of consumer rights, understanding of European standards of consumer policy in Ukraine became factors that significantly improved the socio-economic component of education, became an integral part of modern civic education of youth in Ukraine. The ability to navigate the market of goods and services, to find information for the consumer, competence in the field of exercising one's consumer rights should be the result of the implementation of consumer education. An optional course «Fundamentals of consumer knowledge» has been introduced in general secondary education institutions of Ukraine.

The content of educational programs of professional and technical education is aimed at forming in vocational training students an understanding of the rights of consumers to receive services or products of appropriate quality. The system of ensuring the quality of education and evaluating the results of training is focused on ensuring the appropriate quality of products and services that will be provided to consumers by current vocational training graduates after youth acquire vocational training or re-training, upgrading/retraining of adult education.

In Ukraine, education about consumer rights is provided through the introduction of general competence for all educational programs of higher educational institutions at the bachelor level «The ability to exercise one's rights and responsibilities as a member of society, to be aware of the values of a civil (free democratic) society and the need for its sustainable development, the rule of law, rights and freedoms of a person and a citizen in Ukraine». At the master's level, raising awareness of consumer rights is implemented on the basis of the general competence «Ability to act on the basis of ethical considerations (motives)», which encourages each specialist not to act unethically in relation to consumers of relevant goods and services. In addition, the discipline «Protection of consumer rights» in the bachelor's educational programs forms the professional competencies of the specialties «Entrepreneurship, trade and exchanges», «Management», «Food technologies», «Law», «Informatics», «Journalism», «Marketing», «International

Economic Relations». Issues of consumer rights protection can be taught within the framework of the individual study program of students (discipline of choice).

The NBU pays special attention to promoting financial literacy in terms of consumer rights protection.

In 2023, in a joint effort with the Cyber Police Department of the National Police of Ukraine, the NBU launched a new round of #GoodbyeToFraud, an all-Ukrainian awareness campaign on payments security. The campaign's aim was to raise public awareness of the basic security rules when making cashless payments.

The campaign was supported by the USAID Financial Sector Reform Project and the EU technical assistance project called Strengthening the Regulation and Supervision of the Nonbank Financial Market (EU-FINREG). More than 70 partners joined the project.

Together with the partners, the NBU succeeded in achieving good results over seven months. Specifically, according to a nationwide payment security survey, 71% of financial services users have encountered information about payment security over the past year. In particular, 20% of the respondents have seen #GoodbyeToFraud advertisements/publications or heard about this campaign.

The NBU is also working on training those who will teach financial literacy in schools. At the end of 2023, an online course for educators was launched that also covered the topic of consumer protection in financial services. More than 12 thousand teachers have already signed up for the course. Link to the course: https://prometheus.org.ua/course/course-v1:Prometheus+NBU101+2024_T1.

The NBU has also developed a model curriculum for the Entrepreneurship and Financial Literacy course, which will become mandatory for all 8th and 9th graders starting in 2025-2026. The program covers the topic of consumer protection in financial services. This program has received the stamp of approval from the Ministry of Education and Science of Ukraine and is recommended for implementation in schools. Link to the program: <https://talan.bank.gov.ua/fingramotnist#navchalniprogramy>.

• Does the government support financially independent consumer associations that pursue the objective of consumer advocacy and defend consumer rights? By how much on an annual basis? What capacity-building does it represent for the relevant consumer associations (FTE, etc.)?

Support for the activities of public associations of consumers is carried out in the following directions:

- legislative consolidation of rights;
- participation in regulatory and legal regulation of the sphere of consumer rights protection;
- influence on the adoption of state decisions by including representatives of

consumer public associations in collegial advisory bodies under the authorities in accordance with the law.

Article 23 of the Law of Ukraine «On Public Associations» provides that public associations with the status of a legal entity have the right to financial support at the expense of the State Budget of Ukraine and local budgets in accordance with the law.

Currently, there is no financial support for public consumer associations at the expense of the State Budget of Ukraine.

Redress

• *Are there measures in place to facilitate consumers' access to justice for redress?*

According to Article 4 of the Law of Ukraine «On the Protection of Consumer Rights», the consumer can apply to the court and other authorized state bodies for the protection of violated rights.

Article 22 of the Law of Ukraine «On the Protection of Consumer Rights» stipulates that when satisfying the consumer's demands, the court simultaneously decides the issue of compensation for moral (non-property) damage.

In order to ensure easy access of consumers to justice for the protection of violated rights, the laws of Ukraine provide, in particular:

1) exemption of consumers from paying court fees for lawsuits related to the violation of their rights (Article 22 of the Law of Ukraine «On the Protection of Consumer Rights»);

2) claims for the protection of consumer rights may also be filed at the registered place of residence or stay of the consumer or at the place of injury or performance of the contract (Article 28 of the Code of Civil Procedure of Ukraine);

3) granting the right to file lawsuits for the protection of consumer rights in court:

- consumer associations have the right to apply to the court for recognition of the actions of the seller, manufacturer (enterprise performing their functions), executor as illegal in relation to an unspecified circle of consumers and the termination of these actions; defend in court the rights of consumers who are not members of public consumer organizations (consumer associations);

- the central executive body, which implements state policy in the field of state control over compliance with legislation on consumer rights protection, carries out state control over compliance with consumer rights protection legislation, ensures the implementation of state policy on consumer rights protection (Article 26 of the Law of Ukraine «On the Protection of Consumer Rights»);

- structural subdivisions for the protection of consumer rights, which were created under the executive bodies of local self-government (Article 28 of the Law

of Ukraine «On the Protection of Consumer Rights»).

• *Do out-of-court bodies provide quality (effective, fair and independent) alternative dispute resolution systems?*

Currently, there are no bodies in Ukraine that deal with out-of-court settlement of consumer disputes.

On 10 June 2023, the Verkhovna Rada of Ukraine adopted Law of Ukraine No. 3153 «On the Protection of Consumer Rights» (hereinafter - Law No. 3153), which lays the groundwork for the creation of a system of out-of-court settlement of consumer disputes in Ukraine and the conditions for its operation. Currently, a corresponding draft law is being developed for the purpose of implementing Directive 2013/11/EU of the European Parliament and of the Council dated 05/21/2013 on alternative resolution of consumer disputes.

At the same time, Ukraine has a mediation mechanism established by the Law of Ukraine «On Mediation», which is also used for out-of-court settlement of consumer disputes.

Also, the SSUFSCP considers consumer complaints and takes measures to resolve them by checking compliance by economic entities conducting activities in the field of trade and services, the requirements of legislation on the protection of consumer rights, as well as the rules of trade and provision of services. Based on the results of state supervision (control) measures, if necessary, fines are imposed on business entities in the sphere of trade and services for violation of legislation on the protection of consumer rights.

• *Are specific bodies, such as consumer associations or Ombudsmen, empowered to bring actions for the protection of the collective interests of consumers to stop breaches of consumer rights and seek consumer redress on behalf and in the name of consumers concerned by the breach?*

In order to implement Directive 2020/1828, a bill on representative actions is currently being drafted, which proposes to introduce a mechanism of representative action to protect the collective interests of consumers.

• *Does the government support financially independent bodies such as ADR bodies? By how much on an annual basis? What capacity-building does it represent for the relevant bodies (FTE, etc.)?*

Currently, there are no bodies in Ukraine that deal with out-of-court settlement of consumer disputes.

• *Which liability regimes exist in the national legislation (e.g. fault based, strict liability) for claims against the producer of a faulty product? Are these*

liability regimes limited to certain products?

In Ukraine the regime of liability for defective products is established by the Law of Ukraine «On Liability for the Damage Rendered Due to a Product Defect» of 19 May 2011 (in force since 16 September 2011). This Law transposes EU Directive 85/374/EEC. According to this Law the producer of a defective product is liable without fault (strict liability). This liability regime covers all movable property, including ready-made products, primary products or component parts, including the property that is a part of a movable or immovable property. It also covers electricity. Only civil liability for nuclear damage is excluded from the scope of the Law.

• When a person has suffered a damage caused due to a faulty product, can they bring an action against the producer of the said product? What type of damages can be compensated under the liability regime?

It is primarily the producer of a defective product against whom an action is brought when damage has been caused by such product. This liability regime envisions the compensation of actual material damage caused by a defective product. However, it is without prejudice to the possible compensation of other damages (e.g. moral damage), which are subject to other liability regimes and may require a separate action.

• To what extent is national legislation aligned with Directive 85/374/EEC?

Directive 85/374/EEC has been transposed in Ukraine by the Law of Ukraine «On Liability for the Damage Caused by a Product Defect» of 19 May 2011 (in force since 16 September 2011). This Law is fully aligned with the respective EU Directive.

Safety-related issues

• Are the products placed on your market generally safe? If not, what are the main issues?

The products placed on the Ukrainian market are generally safe, as there has been no information on the accidents or injuries on any large scale.

• To what extent is national legislation aligned with the EU acquis in this area? Are you aware of/have you already taken measures to align with the new Regulation on General Product Safety (Regulation (EU) 2023/988)?

The current Law of Ukraine «On General Non-Food Products Safety» of 2 December 2010 (in force since 5 July 2011) is based on EU Directive 2001/95/EC. Preparatory work is being undertaken to align this Law with the new GPS Regulation 2023/988.

• *To what extent are national technical standards aligned with European technical standards referenced in the OJEU used to support EU product safety legislation?*

Ukraine closely follows the list of harmonized ENs for EU Directive 2001/95/EC (replaced by EU Regulation 2023/988) and updates its list accordingly. As of now, the European list contains 73 ENs and all 73 standards have been adopted in Ukraine as national standards. Currently, the Ministry of Economy of Ukraine prepares amendments to the Ukrainian list of standards to reflect recent updates in the EU list. As for harmonized ENs giving presumption of conformity with essential requirements of the vertical (product-specific) EU Directives and Regulations, the situation varies. The lists of national standards for three sectors to be covered by the upcoming ACAA Agreement (low voltage equipment, electromagnetic compatibility and machinery) are basically identical with EU lists, while in other sectors the level of identicality may be lower.

• *Do market surveillance/enforcement authorities use a defined methodology and have sufficient powers and resources to monitor product safety, to test products, to react to complaints, and take appropriate measures? Do they check the warnings and safety instructions related to products they inspect? How is the collaboration between the market surveillance authority and the customs control authority organised?*

The procedures for carrying out market surveillance are established by the Law of Ukraine «On State Market Surveillance and Control of Non-Food Products» of 2 December 2010 (in force since 5 July 2011). This Law along with the Law of Ukraine «On General Non-Food Products Safety» provides for the powers and resources of market surveillance authorities, which include the powers to monitor product safety, test products, react to complaints and take appropriate corrective measures. Market surveillance are also entitled to check the warnings and safety instructions, when those are required by technical regulations. They also perform risk assessment and take measures based on its results. The risk assessment methodology is based on RAPEX Guidelines contained in EU Decision 2010/15/EU (the new Guidelines from Decision 2019/417 will be implemented after the adoption of the amendments to the Law on Market Surveillance, implementing EU Regulation 2019/1020). Market surveillance authorities are also entitled to take measures with regard to formal non-compliances, which does not entail the need to apply risk assessment methodology. The whole section (chapter) of the Law on Market Surveillance is devoted to the collaboration between the MS authorities and the customs authorities. The customs performing border control of products are entitled to suspend customs clearance of products they deem to be non-compliant and notify MS authorities thereof. Subsequent interaction between the MS authorities and the customs may lead to the need to apply corrective measures or to the ban on importation of the non-compliant product. The section (chapter) on border control

of products will be substantially revised with the adoption of the law implementing EU Regulation 2019/1020.

• *How many product controls were carried out in the last period and why (own initiative or due to complaints), and how many products were subject to preventive, restrictive or corrective measures (such as recall or withdrawal from the market)? How many of these controls concern products sold online?*

Since 2022 market surveillance inspections in Ukraine have been under moratorium due to the conditions of war and martial law. However, in 2023 market surveillance inspections were carried out to check compliance with eco-design and energy efficiency requirements for lamps and bulbs. Altogether 94 planned and 80 extra-plan (based on complaint or other info on non-compliance) checks were carried out. 838 restrictive (corrective) measures were taken: 811 concerned the restrictions on making a product available on the market (temporary ban and bringing a product into compliance) and 27 prohibitions on making a product available on the market. Products sold online were not subject to MS inspections, because the relevant draft law containing such powers has not been adopted yet, although it has been developed and is currently at the stage of inter-ministerial concurrence (agreement).

• *How do you evaluate the risk of non-compliance of a product? Do you use a risk assessment system/guidelines? Are economic operators encouraged/obliged to set up internal processes to assess the risk of and ensure the safety of a product? How?*

For planning purposes market surveillance authorities subdivide all products in their areas of responsibility into two categories of risk: higher and low. Products assigned to a higher level of risk may be subject to pro-active MS inspections, while those with a low level – to the reactive market surveillance (based on complaints or other info on non-compliance). When a non-compliant product is found on the market MS authorities are required to perform risk assessment. Its methodology is based on RAPEX Guidelines contained in EU Decision 2010/15/EU (the new Guidelines from Decision 2019/417 will be implemented after the adoption of the amendments to the Law on Market Surveillance, implementing EU Regulation 2019/1020). No risk assessment is required to be performed for formal non-compliances. Obligations of economic operators, including those dealing with assessing the risk, ensuring product safety and taking appropriate measures are laid down in technical regulations (most of them are product-specific EU Directives and Regulations) as well as in the Law of Ukraine «On General Non-Food Products Safety» (which is the transposition of EU Directive 2001/95/EC, GPSD). What economic operators are required to undertake or to do with relation to product safety is identical to what is required of them in the respective EU Directives and Regulations.

• *Do you have mechanisms in place through which consumers/economic operators can report accidents or signal a dangerous product?*

Obligations of economic operators to inform/report on a dangerous/non-compliant product are laid down in technical regulations (most of them are product-specific EU Directives and Regulations) as well as in the Law of Ukraine «On General Non-Food Products Safety» (which is the transposition of EU Directive 2001/95/EC, GPSD). What economic operators are required to undertake or to do with relation to providing information on a dangerous/non-compliant product is identical to what is required of them in the respective EU Directives and Regulations. Such notifications can serve as a basis for taking corrective measures by market surveillance authorities. Consumers are free to report dangerous/non-compliant products to market surveillance authorities. Such information can then become a ground for an extra-plan market surveillance inspection with subsequent corrective measures taken, if the non-compliance is confirmed.

• *Do you have measures of market surveillance in place to ensure the safety of products in online / distance sales?*

The current wording of the Law of Ukraine «On State Market Surveillance and Control of Non-Food Products» does not envision the powers of market surveillance authorities to check products sold online or through distance sales. The amendments to this Law, implementing EU Regulation 2019/1020, have been developed and are currently in the process of inter-ministerial concurrence (agreement). These amendments contain the powers of MS authorities to check products made available online or through distance sales.

• *Do you consult the webpages of the EU - Safety Gate or the OECD Global Recall Portal and follow up on the notified alerts?*

Some market surveillance authorities regularly consult the EU-Safety Gate (RAPEX) and use the notified alerts for their own MS planning purposes to check whether the products that ended up in this system are made available on the Ukrainian market. The OECD Global Recall Portal is not used by Ukrainian MS authorities.

• *Are systems in place to ensure co-operation/information with producers, distributors & consumer associations, and rapid information to consumers and businesses? Do you make use of national/regional cooperation mechanism to share information about dangerous products with other countries (e.g., other CEFTA parties)?*

There are obligations for various types of economic operators regarding their cooperation and provision of information to market surveillance authorities. Such obligations are established both by the Laws of Ukraine «On State Market

Surveillance and Control of Non-Food Products» and «On General Non-Food Products Safety» and by sector-specific technical regulations, most of which transpose or implement EU Directives and Regulations. Consumer associations also play a crucial part in the cooperation with market surveillance authorities. Ukraine operates a rapid alert system on products posing serious risk, which is analogous to RAPEX system in the EU. This system is publicly accessible by both consumers and businesses at www.uvaga.gov.ua There is also a national MS information system, which is used by market surveillance authorities to ensure the storage and exchange of information. Ukraine does not participate in any cooperation mechanism to share information about dangerous products with other countries (e.g. within CEFTA arrangements).

• *Do your market surveillance authorities have the powers already provided by the Market Surveillance Regulation (Regulation (EU) 2019/1020 and the GPSR?*

The current wording of the Law of Ukraine «On State Market Surveillance and Control of Non-Food Products» was aimed to implement EU Regulation 765/2008. The amendments to this Law that would align it with EU Regulation 2019/1020 (including the powers of MS authorities) have been developed and are now at the stage of inter-ministerial concurrence (agreement). The Law of Ukraine «On General Non-Food Products Safety» transposed EU Directive 2001/95/EC. Preparatory work is being undertaken to develop a draft law that would align this Law with the new EU Regulation 2023/988.

Non-safety related issues

• *To what extent is national legislation aligned with current EU acquis in this area?*

The current Law of Ukraine «On the Protection of Consumer Rights» partially implements the provisions of EU Directives 93/13/EEC, 2005/29/EC, 1999/44/EC, 97/7/EC.

In order to harmonize the national system of consumer rights protection with the principles, approaches and best practices of the European Union, the Verkhovna Rada of Ukraine adopted Law of Ukraine No. 3153 on 10 June 2023 «On the Protection of Consumer Rights» (hereinafter - Law No. 3153), which is the basic Law in the field of rights protection consumers and the basis for further implementation of the EU acquis in this area.

Law No. 3153 fully implemented:

Directive 98/6/EC of the European Parliament and the Council of February 16, 1998 on consumer protection in the context of the indication of prices for products offered to consumers;

Council Directive 93/13/EEC of April 5, 1993 on unfair terms of consumer

contracts;

Directive 2005/29/EC of the European Parliament and of the Council of May 11, 2005 regarding unfair commercial practices of businesses in relation to consumers in the domestic market («Unfair Commercial Practices Directive»);

Directive 2011/83/EU of the European Parliament and the Council of October 25, 2011 on consumer rights;

Directive of the European Parliament and of the Council (EU) 2019/771 of May 20, 2019 on some aspects related to contracts for the sale of goods.

In addition, Law No. 3153 laid the groundwork for:

creation and functioning of the out-of-court dispute resolution system in accordance with the requirements of Directive 2013/11/EU of the European Parliament and the Council of May 21, 2013 on alternative resolution of consumer disputes;

systems of representative actions in accordance with the requirements of Directive (EU) 2020/1828 of the European Parliament and of the Council of November 25, 2020 on representative actions for the protection of the collective interests of consumers;

implementation of a mechanism for the protection of consumer rights when applying timeshare contracts in accordance with the requirements of Directive 2008/122/EC of the European Parliament and of the Council of January 14, 2009 on consumer protection regarding certain aspects of timeshare, long-term holiday products, resale and exchange contracts.

The next step in the adaptation of national legislation in the field of consumer rights protection is the full implementation of Directive 2013/11/EU, Directive 2020/1828, Directive 2008/122/EU. Currently, relevant draft laws are being developed, which propose the creation of a system of out-of-court settlement of consumer disputes, the definition of the interaction of all participants in the system and the conditions for its operation, as well as the introduction of a representative action mechanism to protect the collective interests of consumers and a mechanism for the protection of consumer rights when applying timeshare contracts, long-term tourism products, mediation and participation in the exchange system.

The Ministry of Economy constantly monitors the new EU legislation in the field of consumer rights protection, in particular the exchange of information at meetings of Cluster 2 of the Subcommittee on Economy and other industry cooperation of the Association Committee between Ukraine and the EU. In particular, Council Directive 93/13/EEC, Directives 98/6/EC, 2005/29/EC and 2011/83/EC of the European Parliament and of the Council are implemented by Law No. 3153 in full, taking into account the changes made by the Directive of the European Parliament and of the Council 2019 /2161/EU of November 27, 2019 on consumer rights.

• *Are public authorities equipped to protect the economic interests of consumers?*

According to the Law of Ukraine «On the Protection of Consumer Rights», the protection of consumer rights is carried out by the central body of executive power, which forms and ensures the implementation of state policy in the field of consumer rights protection, by the central body of executive power, which implements state policy in the sphere of state control over compliance with protection legislation of consumer rights, local state administrations, other executive authorities, local self-government bodies in accordance with the law, as well as courts.

Protection of consumer rights in the field of food safety and quality, information about their properties, including labeling, is carried out by the central executive authority, which implements state policy in the field of food safety and quality.

The SSUFSCP is the central body of the executive power, which implements state policy in the field of state control over compliance with legislation on the protection of consumer rights and advertising in this area (in accordance with the Regulation on the State Service of Ukraine on Food Safety and Consumer Protection, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 667 of 02 September 2015).

The NBU protects the rights of consumers of financial services provided by banks, as well as other financial institutions and persons who are not financial institutions, but have the right to provide separate financial services, the state regulation and supervision of which is carried out by the NBU; supervises compliance by banks, other financial institutions, persons who are not financial institutions but have the right to provide separate financial services, and collection companies with the legislation on the protection of the rights of consumers of financial services, including requirements for interaction with consumers in the settlement of overdue debt (requirements for ethical behaviour); carries out protection of the rights of consumers of payment services and limited payment services, as well as supervision of compliance by providers of payment and limited payment services with legislation on the protection of consumer rights (in accordance with the Law of Ukraine «On the National Bank of Ukraine»).

The NCEC, carries out state regulation, as well as state supervision (control) regarding the detection and prevention of violations of legal requirements by business entities and ensuring public interests in the following areas: of electronic communications, radio frequency spectrum, provision of postal services (in accordance with the Law of Ukraine «On the National Commission for the State Regulation of Electronic Communications, Radio Frequency Spectrum and the Provision of Postal Services »).

State regulation and supervision of activities related to the provision of financial and accompanying services is carried out by the NBU or the NSSMC by monitoring the compliance by financial service providers, as well as intermediaries and collection companies of the legislation on the protection of the rights of

consumers of financial services, including compliance with the requirements regarding interaction with consumers in the settlement of overdue debt (requirements for ethical behaviour); monitoring of compliance with the legislation on advertising on financial services markets (according to the Law of Ukraine «On Financial Services and Financial Companies»).

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

On June 10, 2023, the Verkhovna Rada of Ukraine adopted Law of Ukraine No. 3153 «On the Protection of Consumer Rights», which implements EU legislation in the field of consumer rights protection aimed at settling issues related to consumer guarantees, price marking, e-commerce, prohibition unfair trade practices:

Directive 98/6/EC of the European Parliament and the Council of 16.02.1998 on the protection of consumer rights when indicating the prices of goods offered to consumers;

Directive 2005/29/EC of the European Parliament and of the Council of May 11, 2005 on unfair business-to-consumer commercial practices in the domestic market and amending Council Directive 84/450/EEC, Directive 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) 2006/2004 of the European Parliament and of the Council;

Directive 2019/771 of the European Parliament and of the Council of 20.05.2019 on certain aspects relating to contracts for the sale of goods, amending Regulation (EU) 2017/2394 and Directive 2009/22/EC and repealing Directive 1999/44/EC ;

Directive 93/13/EEC of the European Parliament and the Council of April 5, 1993 on unfair terms in consumer contracts;

Directive 2011/83/EC of the European Parliament and of the Council of October 25, 2011 on consumer rights, which amends Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repeals Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council.

This Law also lays the groundwork for:

- creation in Ukraine and operation of a mechanism for out-of-court resolution of consumer disputes for the purpose of implementing Directive 2013/11/EU of the European Parliament and of the Council dated 05/21/2013 on alternative resolution of consumer disputes;

- implementation of a mechanism for the protection of consumer rights when applying timeshare contracts in accordance with the requirements of Directive 2008/122/EC of the European Parliament and of the Council of 14 January 2009 on

the protection of consumers in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts ;

- system of representative actions in accordance with the requirements of Directive (EU) 2020/1828 of the European Parliament and of the Council of 25 November 2020 on representative actions for the protection of the collective interests of consumers.

Currently, relevant draft laws are being developed, which propose the creation of a system of out-of-court settlement of consumer disputes, the definition of the interaction of all participants in the system and the conditions for its operation, as well as the introduction of a representative action mechanism to protect the collective interests of consumers and a mechanism for the protection of consumer rights when applying timeshare contracts, long-term tourism products, mediation and participation in the exchange system.

In order to develop responsible pricing for consumer loans and bring nonbank consumer lending in Ukraine in line with international standards, on 22 November 2023, Law of Ukraine No. 3498-IX On Amendments to Certain Laws of Ukraine on Improving State Regulation of Financial Services Markets was adopted. The law introduced a 1% daily interest rate limit on consumer loans, authorized the NBU to establish additional requirements for assessing the creditworthiness of borrowers in the field of consumer lending and to exercise professional judgment when monitoring compliance with the laws on consumer protection in financial services and compliance with the legislation on advertising in financial services markets, and the dissemination of information about financial and support services.

In order to promote good practices in disclosing information about a financial service provider and concluding agreements with consumers, the NBU, taking into account the requirements of Directive (EU) 2016/97, Regulation (EU) 1286/2014 (PRIIPs), Implementing Regulation (EU) 2017/1469, Directive 2002/65/EC, and Directive 2005/29/EC, has set the requirements for the following:

- disclosure of information about the insurer and insurance products, including in the form of an information document on a standard insurance product on websites (NBU Board Resolution No. 174 On Approval of the Regulation on Disclosure of Information and Placement of an Information Document on a Standard Insurance Product on the Websites of Insurers and Insurance Intermediaries, dated 20 December 2023);

- specifics of concluding insurance agreements in terms of including acceptable conditions for consumers to protect their property interests (NBU Board Resolution No. 175 On Approval of the Regulation on the Specifics of Concluding Insurance Agreements with Consumers, dated 20 December 2023).

In implementing initiatives to raise the financial awareness of Ukrainians, including with regard to consumer protection in financial services, the National Bank of Ukraine is guided by OECD Council Recommendations on Financial Literacy (OECD/LEGAL/0461) and by global best practices.

To holistically resolve the problem of low financial literacy of Ukrainians, unlock synergy effects, and reach out to various target groups by way of educational activities, the NBU initiated an interagency working group in 2021. It included representatives of the NBU, the Deposit Guarantee Fund, the National Securities and Stock Market Commission, the Ministry of Education and Science of Ukraine, the Ministry of Economy of Ukraine, the Ministry of Digital Transformation of Ukraine, and the state-run Entrepreneurship and Export Promotion Office.

On 28 March 2024, the interagency working group approved a draft of the Ukrainian Financial Literacy Development Strategy until 2030 (hereinafter referred to as the “Strategy”). The Strategy will likely be unveiled to the public in May 2024. The Roadmap of the Strategy outlines planned measures to improve the financial literacy of four target groups: children and youth, adults, entrepreneurs, and educators. Some of these initiatives will help enhance these target groups’ awareness of the types of financial institutions, the services they provide, and the features of consumer rights protection when using various financial services.

To create quality educational products, the Deposit Guarantee Fund, the NBU, the NSSMC, and the Ministry of Education and Science of Ukraine have developed a Financial Competences Framework for Children and Youth (hereinafter referred to as the “Framework”)
<https://mon.gov.ua/storage/app/media/news/2024/01/18/Ramka.fin%20kompetentn ostey.dlya.ditey%2018.01.2024.pdf>.

The Framework was presented at a conference for educators as part of Global Money Week in March 2024. Specifically, Section 4 of the Framework lays out requirements for the level of financial knowledge and skills of students (before graduating preschool, primary (4th grade), basic secondary (9th grade), and specialized secondary school (12th grade)), including about financial products and services; rights and obligations of consumers of financial services; and regulation and protection of financial service consumers’ rights.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ continue bringing national legislation into line with the EU acquis in the field of consumer rights protection

Draft legal acts are being developed:

- draft law on the creation and functioning of the out-of-court dispute resolution system for the purpose of implementing Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC ;

- a bill on the specifics of consumer rights protection in the application of timeshare contracts in accordance with the requirements of Directive 2008/122/EC of the European Parliament and of the Council of January 14, 2009 on consumer protection with regard to certain aspects of timeshare, long-term vacation products, resale and exchange contracts;

- the draft law on the system of representative actions in accordance with the requirements of Directive (EU) 2020/1828 of the European Parliament and of the Council of 25 November 2020 on representative actions for the protection of the collective interests of consumers and repealing Directive 2009/22/EC ;

- draft Resolution of the Cabinet of Ministers of Ukraine on the availability of information on fuel economy and the volume of carbon dioxide emissions for the consumer in the sale of new passenger cars in accordance with the requirements of Directive 1999/94/EC of the European Parliament and of the Council of 13 December 1999 relating to the availability of consumer information on fuel economy and CO2 emissions in respect of the marketing of new passenger cars.

In 2023, the NBU developed a draft of Methodological Recommendations on the Rules for the Inclusive Provision of Financial Services. In January-February 2024, the draft was reviewed by financial services market participants and public organisations of people with disabilities. Currently, the comments and proposals submitted by stakeholders on the draft are being summarised and taken into account, if appropriate.

2. HEALTH PROTECTION

Answers to the Guiding Questions

Public health [EU public health acquis (Chapter 28) covers: tobacco control; blood, tissues, cells and organs; serious cross-border health threats including communicable diseases; patients' rights in cross-border health care, medical products, medical devices and including soft acquis (mental health, drugs abuse prevention, nutrition and physical activities, health inequalities, alcohol related harm reduction, cancer screenings, healthy environments including prevention of injury, promotion of safety and rare diseases].

• *To what extent is national legislation aligned with the EU acquis in these areas?*

○ *Tobacco control*

During the reporting period, the following steps were taken in Ukraine to implement the provisions of the comprehensive tobacco control:

• From 11 July 2023, a ban on the advertising of electronic smoking devices and the sale of e-cigarettes and liquids with aromatic and flavor additives came into effect.

• From 11 January 2024, new regulations on the labelling of tobacco product packages, as provided by Law of Ukraine No. 1978-IX, took effect. An increase in the area of health warnings to 65% was introduced. In the summer, the Ministry of Justice of Ukraine approved 14 sets of health warnings (text and illustration variants) developed by the Ministry of Health of Ukraine, technical requirements for the design and form of labelling, and the procedure for applying warnings by tobacco product manufacturers. This is an important stage in the implementation of Directive 2014/40/EU, which involves a comprehensive set of measures to protect the population from the harms of tobacco products and electronic cigarettes.

○ *Blood, tissues, cells and organs*

In 2023, the medical assistance packages for Ukrainian citizens in the field of transplantation were expanded. The medical guarantee program introduced treatment packages for adults and children through organ transplantation, treatment of adults and children through hematopoietic stem cell transplantation, and infertility treatment using assisted reproductive technologies (in vitro fertilisation).

Despite the war and limited resources, the volume of guaranteed medical services for Ukrainians has not been reduced. On the contrary, the Medical Guarantee Program is expanding and focused on restoring health and human potential. Two new medical packages have been introduced for the treatment of adults and children through organ and stem cell transplantation.

Previously, transplantation was provided within the framework of a three-year pilot project of the Ministry of Health of Ukraine. During this time, 316 organ transplants were performed in 2021, 384 in 2022, and 585 in 2023 (a list of achievements in the development of the transplantation sector in Ukraine can be found on the Ministry of Health of Ukraine official website). Given such successful indicators, this year the transplantation packages have been included in the Medical Guarantee Program of the National Health Service of Ukraine (NHSU). The inclusion of transplantation packages in the Medical Guarantee Program primarily means a clear route for the patient and transparency in payments for medical institutions. The NHSU sets clear requirements for providers and the range of services a patient can receive.

The NHSU signs agreements on providing medical services to adults and children through organ transplantation with healthcare institutions designated by the Ministry of Health.

To align with European legislation, four European Union Directives in the field of blood safety were implemented in Ukraine: Directive 2002/98/EC, Commission Directive 2004/33/EC, Commission Directive 2005/61/EC, and Commission Directive 2005/62/EC. Legal conditions were established for implementing a coordinated information policy and digital solutions in the field of blood donation according to European integration requirements, ensuring the creation and support of a quality system in blood system entities, and algorithms for investigating serious adverse events and reactions related to the collection, testing, processing, storage, distribution, and use of donor blood and blood components, as well as during or after transfusion.

An effective mechanism to prevent cases of donor blood and blood component shortages during martial law or in emergency situations was introduced by regulating the procedure for importing donor blood and blood components into Ukraine as humanitarian aid to meet the healthcare facilities' needs for continuous transfusion support in case of such a necessity.

The Resolution of the Cabinet of Ministers of Ukraine No. 1294 of 12 December 2023 «On Certain Issues of the Blood Donation Information-Communication System,» the Resolution of the Cabinet of Ministers of Ukraine from February 17, 2023, No. 143 «On the Creation of the Information-Communication Complex of the Blood System,» the Order of the Ministry of Health of Ukraine from May 2, 2023, No. 818 «On Amendments to the Order of the Ministry of Health of Ukraine from March 9, 2010, No. 211,» registered at the Ministry of Justice of Ukraine on June 29, 2023, under No. 1107/40163, and the Order of the Ministry of Health of Ukraine from December 9, 2022, No. 2225 «On Approval of Some Regulatory Legal Acts on the Investigation of Serious Adverse Events and Reactions Related to the Collection, Testing, Processing, Storage, Distribution, and Use of Donor Blood and Blood Components, as Well as During or After Transfusion,» registered at the Ministry of Justice of Ukraine on February 3, 2023, under No. 229/39285, and the Resolution of the Cabinet of Ministers of

Ukraine from November 21, 2023, No. 1228 «On Approval of the Regulations on the State Information System of Hematopoietic Stem Cell Transplantation,» and the Resolution of the Cabinet of Ministers of Ukraine from September 29, 2023, No. 1035 «On Certain Issues of Organizing Clinical Trials of Tissue and Cell Transplants» (it was established that the state enterprise «State Expert Center of the Ministry of Health of Ukraine» is a specialised expert organisation in the field of clinical trials of tissue and cell transplants).

○ ***Serious cross-border to health threats including communicable diseases***

Throughout 2023, in the field mentioned, the following were adopted:

1. The Law of Ukraine No. 2869-IX of 12 January 2023 «On Amendments to the Law of Ukraine “On the Fight Against the Spread of Diseases Caused by the Human Immunodeficiency Virus (HIV) and Legal and Social Protection of People Living with HIV» regarding the application of modern approaches to the prevention, testing, and treatment of HIV infection according to the guidelines of the World Health Organization.

2. The Law of Ukraine No. 3191-IX of 29 June 2023 «On Amendments to Certain Laws of Ukraine Regarding the Verification of Information in Certain Systems and Registers» created conditions for the possibility of patients using electronic services particularly regarding updating information and verifying patient data between the electronic healthcare system and the Unified State Demographic Registry, the State Register of Civil Status Acts of Citizens and/or the State Register of Individual Taxpayers.

3. The Law of Ukraine No. 3269-IX of 14 July 2023 «On Overcoming Tuberculosis in Ukraine» which updated and revised the provisions of the legislation in the field of tuberculosis control, synchronised them with the current healthcare legislation, and regulated the application of modern achievements in medical science and practice according to WHO guidelines to ensure proper diagnosis, prevention, and treatment of tuberculosis.

4. The Law of Ukraine No. 3301-IX of 9 August 2023, «On Amendments to Some Legislative Acts of Ukraine Regarding the Functioning of Telemedicine» introduces a comprehensive and systematic approach to the formation and implementation of state policy in the development of telemedicine to preserve and strengthen the health of the nation by improving the quality and accessibility of medical services, expanding opportunities for patients, and increasing the efficiency of healthcare management and resource utilisation.

5. The Order of the Cabinet of Ministers of Ukraine , No. 173-r of 24 February 2023«On the Approval of the National Action Plan for the Implementation of the International Health Regulations».

○ ***Cosmetic products***

In order to establish a mechanism for notification (provision) of information about cosmetic products and the procedure for forming and maintaining the System of electronic notification (provision) of information about cosmetic products (hereinafter - the System) of the Ministry of Health of Ukraine, the Order of the Ministry of Health of Ukraine No. 2147 of 18 December 2023 «On approval of the Procedure for notification (provision)) of information about cosmetic products», registered in the Ministry of Justice on February 8, 2024 under No. 201/41546.

Notification (provision) of cosmetic products in the System must certify the absence of prohibited components of cosmetic products.

- ***Medical products, medical devices***

The government adopted Resolution of the Cabinet of Ministers of Ukraine No. 261 of 8 March 2024, «On Amendments to the Resolutions of the Cabinet of Ministers of Ukraine No. 303 of 13 March 2022 and No. 550 of 3 May 2022» which came into force on 12 March. According to these changes, among other things, the resumption of unscheduled inspections of product characteristics to the requirements set in the technical regulations regarding medical devices is allowed. Therefore, the inspections by the State Service of Ukraine on Medicines and Drugs Control are applicable to medical devices, in vitro diagnostic medical devices, active implantable medical devices, and bioimplants.

Order of the Ministry of Health of Ukraine No. 494 of 15 March 2023 «On Amendments to Some Regulatory Legal Acts of the Ministry of Health of Ukraine Regarding the Prescription and Dispensing of Medicinal Products and Medical Devices».

- ***Mental health***

In the spring of 2023, the communication campaign «How are you?» was launched within the framework of the National Mental Health program. Its goal is to promote the formation of a culture of caring for mental health in society. According to research, over 90% of Ukrainians had at least one symptom of an anxiety disorder, and 31% of citizens do not consider their problems significant enough to seek psychological help.

As part of the campaign, a special page was created: <http://howareu.com>, offering contacts, links, advice, services, techniques, and methods to help learn to care for oneself, manage stress, anxiety, anger, etc.

The implementation of the new package «Psychiatric care for adults and children provided by mobile multidisciplinary teams». According to the package, each team can cover 60 patients with mental disorders at their place of residence over 6 months. According to statistical data, as of the beginning of 2023, only 67 health care institutions can provide such services. Only 17,4% of institutions provide psychiatric care, and only 3,4% of institutions offer psychotherapeutic care. Medical positions are filled at 83,7%, of which 40,4% work in clinics (ambulatories), dispensaries, consultation centres. There is an excessive share of narcologists in the staffing of the outpatient-polyclinic network, considering that the volume of this

type of disorder constitutes 5% of other diseases.

Limited access to specialised medical and psychiatric services due to damage to facilities as a result of shelling and/or ongoing combat actions, as well as the absence of services in rural areas and hard-to-reach regions.

People who have been staying in specialised psychiatric institutions for a long time are a particularly at-risk group. According to the Ministry of Health, in 2022, 44,000 adults and children were in specialised boarding schools, and another 12,500 were undergoing inpatient treatment in psychiatric hospitals. Some of these facilities were damaged or destroyed as a result of shelling. Overall, over 1,200 health care facilities have been destroyed during the war.

Moreover, people dependent on services from state mental health care institutions face another problem. They risk being left without help due to the relocation of medical and social workers to safer places within Ukraine and abroad.

Within the program initiated by the First Lady Olena Zelenska, last year, 135,000 patients received the appropriate psychological assistance. Over 70% of municipal institutions have contracts for providing mental health services at the primary care level.

Since the beginning of the full-scale war, there has been a significant increase in demand for psychological support services. The number of specialists in mental health was not calculated for wartime needs. Therefore, within the framework of the National Mental Health Program, training is being conducted for family doctors, therapists, and paediatricians to assist patients with mental health issues.

Training follows the guidance of the mhGAP (WHO Mental Health Gap Action Programme) – WHO’s global flagship program aimed at increasing access to mental health services by engaging non-specialized mental health staff to assist people with mental disorders. During the courses, medical professionals learn about the protocols for diagnosing and managing common disorders such as depression, acute stress reaction, post-traumatic stress disorder, suicidal behavior, substance use disorders, and other disorders. Primary care doctors, after completing the course, can assess the condition of people with mental disorders, provide appropriate assistance, and refer to specialists.

An online course «Management of common mental disorders at the primary level of medical care using mhGAP guidelines» has been developed for the professional training of family doctors. It is available at <https://academy.nszu.gov.ua/course/view.php?id=183>. After completing the training, medical professionals can provide services within the relevant NHSU package. According to NHSU, about 135,000 patients received help under this package during 2023.

Currently, 83,5 thousand course participants have received first-level certificates, among them 17.3 thousand primary care doctors and 43 mid-level medical personnel. The second level of the course has started for deepening medical professionals’ knowledge. It was completed, and certificates were received by 6,4

thousand primary care doctors and over 16 thousand mid-level medical personnel. Now, over 70% of municipal institutions have such contracts. In addition, 58 private medical institutions and 54 private entrepreneurs also provide free services to patients under this package.

By the Resolution of the Cabinet of Ministers of Ukraine No. 301 of 30 March 30, 2023 «On the Establishment of the Coordination Center for Mental Health», the Coordination Center for Mental Health was established as a temporary consultative and advisory body of the Government. The creation of such a center aims, in particular, to coordinate the actions of central and local executive authorities, local governments, enterprises, institutions, and organisations for the rapid and effective development and implementation of the National Mental Health Program in Ukraine.

By the Order of the Ministry of Health of Ukraine No. 1387 of 1 August 2023 «On Approval of the Priority Project of the Ministry of Health of Ukraine Mental Health Protection in the Structure of Medical Care.

- ***Cancer screenings***

By the Decree of the President of Ukraine , No. 842/2023 of 22 December 2023 «On the Decision of the National Security and Defense Council of Ukraine of 22 December 2023, «On the Prevention, Early Diagnosis, and Treatment of Malignant Neoplasms», according to legislative and strategic documents, the government is obligated to develop and implement a set of measures aimed at improving the prevention, early diagnosis, and treatment of oncological diseases. This includes the development of a National Strategy for the Control of Malignant Neoplasms, the introduction of innovative technologies and treatment methods, ensuring access to quality medical care, and focusing on the professional development of medical workers. It also envisages the activation of information campaigns to raise public awareness about the importance of prevention and early detection of malignant neoplasms.

- ***Healthy environments including prevention of injury***

Several significant regulatory acts were adopted to enhance occupational health and safety and protect workers from harmful exposures:

1. The Resolution of the Cabinet of Ministers of Ukraine No. 86 of 31 January 2023 «On Approval of the List of Hazardous Substances Banned for Use in Ukraine».

2. The Order of the Ministry of Health of Ukraine No. 1013 of 5 June 2023 «On Approval of the State Sanitary Norms and Rules ‘On Safety and Protection of Workers from Harmful Effects of Asbestos and Materials and Products Containing Asbestos’» registered at the Ministry of Justice of Ukraine No. 1345/40401 of 9 August 2023.

3. The Order of the Ministry of Health of Ukraine No. 201 of 3 February 2023 «On Approval of the Hygienic Standard ‘List of Substances, Products,

Production Processes, Household and Natural Factors Mutagenic to Humans and Hygienic Regulations of Maximum Allowable Concentration of Mutagens in the Working Area Air',» registered at the Ministry of Justice of Ukraine No. 440/39496 and No. 441/39497 of 13 March 2023.

4. The Order of the Ministry of Health of Ukraine , No. 1281 of 17 July 2023 «On Approval of the Procedure for Conducting the Assessment of Carcinogenic and Mutagenic Risks and Employer Actions in Case of Detection of the Danger of Exposure to Carcinogens and Mutagens on Workers,» registered in the Ministry of Justice No. 910/38246 of 29 August 2022.

5. The Order of the Ministry of Health of Ukraine No. 365 of 22 February 2023 «On Approval of the Procedure for Assessing the Level of Danger of Biological Agents to Workers and the Unified List of Biological Agents that Pose or May Pose a Danger to Human Health», registered at the Ministry of Justice of Ukraine No. 652/39708 of 24 April 2023.

6. The Order of the Ministry of Health of Ukraine No. 186 of 31 January 2023 «On Approval of Special Protective Measures in Production Processes, Laboratories, and Premises for Animal Keeping,» registered at the Ministry of Justice of Ukraine No. 559/39615 of 5 April 2023.

7. The Order of the Ministry of Health of Ukraine No. 285 of 13 February 2023 «On Approval of the Limit and Working Levels of Industrial Vibration and the Procedure for Assessing the Level of Danger of Vibration Impact on a Worker,» registered at the Ministry of Justice of Ukraine No. 535/39591, 536/39592 of 29 March 2023.

8. The Order of the Ministry of Health of Ukraine No. 540 of 23 March 2023 «On Approval of the Limit and Working Values of Noise Impact,» registered at the Ministry of Justice of Ukraine No. 593/39649 of 7 April 2023.

9. The Order of the Ministry of Health of Ukraine No. 81 of 13 January 2023 «On Approval of the Minimum Requirements for the Health and Safety of Workers Exposed to Electromagnetic Fields,» registered at the Ministry of Justice of Ukraine No. 184/39240 of 30 January 2023,.

10. The Order of the Ministry of Health of Ukraine No. 1191 of 30 June 2023 «On Approval of the Minimum Safety and Hygiene Requirements for Manual Handling of Loads», registered at the Ministry of Justice of Ukraine No. 1480/40536, of 23 August 2023 into effect beginning 1 September 2023.

○ ***Promotion of safety and rare diseases***

An Administrative Arrangement has been signed between the Ministry of Health of Ukraine and the Directorate-General for Health and Food Safety of the European Commission to facilitate Ukrainian medical service providers in seeking consultations from members of European Reference Networks regarding Ukrainian patients with rare or complex diseases.

The Order of the Ministry of Health of Ukraine No. 598 of 30 March 2023,

«On the Approval of the List of Reference Centers for Rare (Orphan) Diseases.

• *Does the country have a health strategy? If so, what are its main priorities?*

The development strategy for the healthcare system until 2030 and the operational plan for its implementation are currently in the stage of public discussion. The delay is caused by the unstable security situation and the need to adapt the document to current and future challenges.

The Ministry of Health of Ukraine and the World Health Organization (WHO) have published the WHO Cooperation Strategy with Ukraine for 2024-2030. The aim of the document is to build a resilient, people-centred healthcare system capable of providing high-quality medical care to all citizens, regardless of their ability to pay, and to address complex health issues associated with the ongoing war.

The main strategic health priorities for the Ministry of Health of Ukraine in 2023 have become: the development of reproductive technologies, healthcare rehabilitation, mental health, infrastructural changes and technical development, prevention and early detection, development and self-realisation of medical workers, targeted services for veterans.

• *Please provide country data (where breakdowns are possible, by gender, age group, regions, educational level, and income) on:*

• *life expectancy at birth*

The high level of premature mortality, especially among men, is associated with widespread employment in harmful and dangerous conditions, involvement in traffic accidents, abuse of alcohol, psychoactive substances, and smoking, insufficient public awareness about healthy lifestyle habits, low accessibility and quality of medical care in rural areas, low levels of well-being, and an increase in poverty among the population. The impact of these factors was significantly intensified by the armed aggression of the Russian Federation, which caused numerous deaths of military and civilian populations, including children. As a result, the average life expectancy decreased from 66.4 years (men) and 76.2 years (women) in 2020 to 57.3 and 70.9 respectively in 2023 (expert assessment).

• *self-perceived health*

In accordance with the Order of the Ministry of Youth and Sports of Ukraine No. 841/39897 of 19 May 2023 «On the approval of the Regulation on monitoring the main indicators of physical activity of different age groups and social strata of the population, stimulating and restraining factors» contains survey forms with questions: 8. How Do you assess your health? (one answer option)

- 1) good;
- 2) rather good than bad;
- 3) satisfactory;

- 4) rather bad than good;
- 5) bad;
- 6) it is difficult to answer

The share of the population that positively assesses the state of their own health.

A report on the results of 2023 is expected.

- ***self-reported unmet need for medical examination and care***

There is no information.

- ***death rate due to chronic diseases***

During 2021, compared to 2017, the mortality rate increased by 28%, including: decreased mortality from neoplasms (1.7%), some infectious and parasitic diseases (27.8%), and external causes of death (1.6%) , however, mortality from diseases of the circulatory system (15.5%), diseases of the digestive system (19.4%) and respiratory system (99.3%) increased. COVID-19 had a huge impact on the structure of pathologies. In 2.5 years, the total number of deaths from this disease is 108,900 people. High premature mortality (the share of those who died prematurely, i.e. before reaching 65 years) is characteristic of Ukraine's population extinction regime. The high mortality rate of the population of Ukraine from diseases of the circulatory system currently remains a serious problem. Along with one of the highest levels in Europe and unfavorable dynamics, the structure of this mortality is of particular concern, namely the excessive share of deaths from coronary heart disease compared to the countries of Western Europe. The peculiarity of mortality from coronary heart disease is that, practically not affecting children and adolescents, this mortality increases sharply from the age of 20, significantly exceeding mortality from cerebrovascular diseases of the circulatory system in the working and old age. The next most significant class of causes of death is neoplasms . They rank third in the structure of causes of death. Currently, neoplasms cause 10.4% of the total number of deaths. In the mortality structure of the urban population, neoplasms traditionally play a somewhat larger role than in residents of rural settlements, the share of cancer deaths in the total number of male deaths is higher than that of women. The intensity of mortality of men from neoplasms, as evidenced by its general levels, is currently 1.4 times higher on average than that of women. In cities, the differentiation of the mortality rate by gender is smaller than in rural areas. Another serious problem remains the high mortality of the population from external causes, which accounted for 4.0% of the total number of deaths in 2021.

- ***suicide death rate***

Without the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol and part of the temporarily occupied territories in the Donetsk and Luhansk regions. In 2020, 6,103 people died from suicide, in 2021 - 5,914

- ***obesity rate***

In Ukraine, on average, 20% of people of working age are obese and 25% are overweight.

• *What was the health expenditure in the last financial year (% of GDP & total in million euro), and how was it structured? Are there any constraints?*

Consolidated budget expenditures on health care in 2023-2024 (general and special fund) (million UAH)

Expenditure amount	2023 (report)
GDP	6 486 100
Expenditures on health care – consolidated budget	217 419,5
% of GDP	3.4
Expenditures on health care – state budget	179 258,2
Expenditures on health care – local budgets	38 161,3

In 2023, health care expenditures amounted to UAH 217.4 billion (EUR 5.16 billion, or 3.33% of GDP), of which state budget expenditures, including transfers, amounted to UAH 181.8 billion (EUR 4.31 billion).

An important direction remains the implementation of the medical guarantee program, for which UAH 139.4 billion (EUR 3.31 billion) was allocated:

UAH 11.2 billion (EUR 0.27 billion) - emergency medical care;

23.7 billion UAH (0.56 billion euros) - primary medical care;

UAH 100.6 billion (EUR 2.39 billion) - specialised medical care;

UAH 3.7 billion (EUR 0.09 billion) - reimbursement (reimbursement of the cost of drugs) for the treatment of cardiovascular diseases, diabetes and non-diabetes, chronic diseases of the lower respiratory tract, mental and behavioural disorders, epilepsy, Parkinson's disease, people in post-transplantation period, pain treatment and palliative care.

Please note that 2.3 million people received medicines and medical products with full or partial reimbursement of their cost.

The largest volume of expenditures for specialised medical care is directed to the provision of inpatient medical care - 41.8 billion UAH (1 billion euros), in

particular:

UAH 19 billion (EUR 0.45 billion) – surgical operations for 1.4 million patients;

UAH 22.8 billion (EUR 0.54 billion) – without surgical operations for 2.7 million patients.

In addition, state budget funds were directed to:

UAH 15.6 billion (EUR 0.37 billion) for the provision of outpatient medical services for more than 14 million patients;

UAH 4.1 billion (EUR 0.10 billion) for rehabilitation services, which allowed more than 116,000 patients to receive rehabilitation assistance in inpatient settings and more than 148,000 patients in outpatient settings;

13 billion UAH (0.31 billion euros) – for measures to ensure forecasting, detection and response to outbreaks of infectious and non-infectious diseases, emergency situations;

UAH 9.4 billion (EUR 0.22 billion) for the centralised purchase of medicines and medical products, high-valu.

• Is universal health coverage provided? What measures are in place to allow the poorest people, those in rural and remote areas, people with disabilities, people living with HIV, children, elderly and adults who use drugs, prisoners, LGBTIQ, internally displaced persons, and Roma access to healthcare?

On 15 June 2023, the Order of the Ministry of Health of Ukraine No. 1091 approved the Procedure for providing medical care to patients with acute cerebral stroke. In accordance with this order, patients with suspected acute cerebral stroke who were brought to the relevant health care facility by emergency medical care teams or applied independently are subject to mandatory admission by the medical staff on duty of the reception department / emergency (urgent) medical care department, regardless of place of residence, registration, presence or absence of documents certifying the identity of the patient, presence of a declaration on the choice of a doctor who provides primary medical care.

In addition the Verkhovna Rada of Ukraine adopted Law of Ukraine No. 3269-IX of 14 July 2023 «On Overcoming Tuberculosis in Ukraine», which amended the Law of Ukraine No. 2168-VIII of 19 October 2017 «On State Financial Guarantees of Medical Services of the Population.».

The specified changes to the legislation contribute to the expansion of access of Roma who are sick with tuberculosis and do not have identity documents to medical services and medicines related to the provision of medical assistance. Such medical services and medicinal products are provided to citizens of Ukraine, foreigners and stateless persons, regardless of the reason for the stay of such persons in the territory of Ukraine and the presence of identity documents.

The Law of Ukraine No. 1972-XII of 12 December 1991 «On countering the spread of diseases caused by the human immunodeficiency virus (HIV) and legal and social protection of people living with HIV» (as amended from 1 October 2023) provides for the right of citizens of Ukraine, foreigners and stateless persons, regardless of the legality of their stay in Ukraine and the presence of identity documents, to carry out free HIV testing, testing with rapid (express) tests and self-testing.

Thus, the specified provision provided access, including to Roma who do not have identity documents, to HIV testing, post-test counselling, and treatment.

At the same time, the Roma national minority has access to and receives vaccination services like other persons, regardless of the declaration made with the family doctor and even in the absence of identity documents.

Since Roma are not inclined to systematically visit medical institutions, especially to receive preventive services, including vaccinations, there is a mechanism that is implemented through organised visits of mobile teams to their places of compact residence. The access of the Roma population to vaccination is significantly expanded under the condition of such periodic visits of family doctors and medical workers.

In July 2023, a vaccine catch-up campaign was launched in Transcarpathia, home to the largest Roma community. Children who were not vaccinated against measles, mumps and rubella were vaccinated according to the planned calendar. The vaccination campaign took place from July to September 2023 with the support of the Ministry of Health of Ukraine, Zakarpattia Regional Government and the United Nations Children's Fund (UNICEF).

Doctors practice regular visits to Roma camps. During such visits, patients are vaccinated and examined. This significantly expands Roma access to medical services.

From January to March 2024, active work on mass vaccination of children of the Roma national minority in Zakarpattia Oblast against dangerous infectious diseases also continued. In total, during this period, 37 visits of mobile teams to Roma settlements were made and about 2,000 vaccinations were carried out: 647 against poliomyelitis, 649 against diphtheria, tetanus, whooping cough, 513 against measles, mumps, rubella. More than half of Roma children under the age of 17, who are subject to immunization, have already received reliable protection against dangerous diseases.

Since Roma communities are closed, the vaccination session is always preceded by talks with local communities and their leaders. It is important to convey, to tell that vaccination is important, they save lives. Therefore, educational work is one of the important aspects. Leaflets and brochures about the importance of vaccination in Ukrainian and Hungarian languages have been distributed among the Roma in the places where they live compactly. This issue is under special control.

• *Is there a national law on health? Is data collected on all diseases and how? Do you have a Health Information System in place? Is it based on European Core Health Indicators (ECHI) or on indicators included in the State of Health in the EU?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Also:

The public health profiles use indicators adapted to Ukrainian data sources that directly relate to health, the provision of medical services, access to them, demographic indicators, indicators of socio-economic impact, indicators of the ecological state of the environment, etc. That is those indicators that have the greatest impact on the health of the population. These indicators are based on the following international guidelines, guidelines and lists:

- Indicators of national reporting of health care programs;
- Global Reference List of 100 Core Health Indicators (plus health-related SDGs);
- The European Core Health Indicators (ECHI);
- Thirteenth general program of work (GPW13);
- Targets and indicators for Health 2020 by WHO.

Public health statistics, along with occupational health and safety issues, are regulated by the Regulation of the European Parliament and Council (EU) No 1338/2008 (hereinafter referred to as the Regulation), according to which the following issues are subject to statistical monitoring. In accordance with the topics required for submission under Annex I of the Regulation «Domain: Health Status and Health Determinants» the following medical statistical reports are collected.

1. Partially responding to the item «Health status, including perceived health, physical and mental functioning, limitations, and disability» are the following officially approved forms of medical statistical reporting:

- No. 32 (semi-annual) «Report on persons with mental disorders due to the use of psychoactive substances, for the year 20__», approved by the order of the Ministry of Health of Ukraine No. 665 of 31 July 2013, registered with the Ministry of Justice of Ukraine on 16 August 2013 under No. 1423/23955;

- No. 14 «Report on the causes of disability, indications for medical, professional, and social rehabilitation for the year 20__» (annual), approved by the order of the Ministry of Health of Ukraine No. 378 of 10 July 2007, registered with the Ministry of Justice of Ukraine on 03 September 2007 under No. 1009/14276;

- No. 19 «Report on children with disabilities under the age of 18 for the year 20__» (annual), approved by the order of the Ministry of Health of Ukraine No. 378 of 10 July 2007, registered with the Ministry of Justice of Ukraine on 03 September 2007 under No. 1009/14276.

- Partially responding to the item «Morbidity depending on the diagnosis» are the following officially approved forms of medical statistical reporting:

- No. 2 HIV/AIDS «Report on persons with conditions and diseases caused by the human immunodeficiency virus (HIV), for the year 20__» (annual), approved by the order of the Ministry of Health of Ukraine No. 180 of 05 March 2013, registered with the Ministry of Justice of Ukraine on 27 March 2013 under No. 498/23030;

- No. 7 «Report on diseases of malignant neoplasms for the year 20__», approved by the order of the Ministry of Health of Ukraine No. 203 of 07 April 2006, registered with the Ministry of Justice of Ukraine on 26.04.2006 under No. 493/12367;

- No. 8 «Report on diseases of active tuberculosis for the year 20__», approved by the order of the Ministry of Health of Ukraine No. 261 of 09 June 2005, registered with the Ministry of Justice of Ukraine on 29 June 2005 under No. 695/10975;

- No. 9 «Report on diseases predominantly transmitted through sexual contact, fungal skin diseases, and scabies for the year 20__», approved by the order of the Ministry of Health of Ukraine No. 203 of 07 April 2006, registered with the Ministry of Justice of Ukraine on 26.04.2006 under No. 493/12367.

- Data on morbidity for other classes of diseases are not available due to the cancellation of the corresponding accounting and reporting documentation.

- Partially responding to the item «Protection against possible pandemics and infectious diseases» are the following officially approved forms of medical statistical reporting:

- No. 2 «Report on certain infections and parasitic diseases for the year 20__» (annual), approved by the order of the Ministry of Health of Ukraine No. 378 of 02 June 2009, registered with the Ministry of Justice of Ukraine on 17 June 2009 under No. 525/16541.

2. Data corresponding to the item «Accidents and injuries, including those related to consumer safety, and, if possible, negative consequences of alcohol and drug use» are absent due to the cancellation of the corresponding accounting and reporting documentation.

3. Partially responding to the item «Lifestyle, including physical activity, nutrition, smoking, alcohol and drug use, as well as environmental, social, and professional factors» are the following officially approved forms of medical statistical reporting:

- No. 32 (semi-annual) «Report on persons with mental disorders due to the use of psychoactive substances, for the year 20__», approved by the order of the Ministry of Health of Ukraine No. 665 of 31.07.2013, registered with the Ministry of Justice of Ukraine of 16 August 2013 under No. 1423/23955.

- Partially responding to the item «Access to and use of healthcare and long-term care facilities (population survey)» are the following officially approved forms of medical statistical reporting:

- No. 20 «Report of a legal entity regardless of its organizational-legal form and of an individual entrepreneur conducting medical practice for the year 20__» (annual), approved by the order of the Ministry of Health of Ukraine No. 378 on 10 July 2007, registered with the Ministry of Justice of Ukraine on 03 September 2007 under No. 1009/14276;

- No. 47-health «Report on the network and activity of medical institutions», approved by the order of the Ministry of Health of Ukraine No. 524 dated 27 July 2006.

4. Data collection according to the item «General demographic and socio-economic information about individuals» is not within the activity scope of the Center.

In accordance with the topics required for submission under Annex II of the Regulation «Domain: Medical Assistance,» the following medical statistical reports are collected:

1. Partially responding to the item «Healthcare institutions» is the form of medical statistical reporting No. 47-health «Report on the network and activity of medical institutions», approved by the order of the Ministry of Health of Ukraine No. 524 of 27 July 2006.

2. Partially responding to the item «Human resources in the field of medical assistance» are the following officially approved forms of medical statistical reporting:

- No. 17 «Report on medical personnel for the year 20__» (annual), approved by the order of the Ministry of Health of Ukraine No. 378 of 10 July 2007, registered with the Ministry of Justice of Ukraine on 03.09.2007 under No. 1009/14276;

- No. 47-health «Report on the network and activity of medical institutions», approved by the order of the Ministry of Health of Ukraine No. 524 of 27 July 2006;

- No. 20 «Report of a legal entity regardless of its organisational-legal form and of an individual entrepreneur conducting medical practice for the year 20__» (annual), approved by the order of the Ministry of Health of Ukraine No. 378 of 10 July 2007 No. 378, registered with the Ministry of Justice of Ukraine on 03 September 2007 under No. 1009/14276.

3. Partially responding to the item «Use of medical assistance, individual and collective services» is the form of medical statistical reporting No. 20 «Report of a legal entity regardless of its organisational-legal form and of an individual entrepreneur conducting medical practice for the year 20__» (annual), approved by the order of the Ministry of Health of Ukraine No. 378 of 10 July 2007, registered with the Ministry of Justice of Ukraine No. 1009/14276 of 03.09.2007 .

Thus, as of the current time, partial compliance with EU legislation on available public health statistics has been achieved.

Elderlies and adults

The Strategy was adopted by the Cabinet of Ministers of Ukraine on 28 September 2018 policies on healthy and active longevity of the population for the period until 2022, developed in accordance with the implementation of the Association Agreement between Ukraine and the European Union. It, among other priority measures, defines the need for development geriatric component of palliative care, training of care personnel in according to WHO calculations, the number is not less than 20,500 people.

• *Is there capacity to build statistical governance which is a prerequisite for evidence-based policy?*

The Resolution of the Cabinet of Ministers of Ukraine No. 989 of 15 September 2023 rp. «On the approval of the Program for the Development of Official Statistics until 2028», which provides, in particular, for the implementation of Commission Regulation (EU) 2015/359 of 4 March 2015 implementing Regulation (EC) No 1338/2008 of the European Parliament and of the Council as regards statistics on healthcare expenditure and financing.

• *What share of mental health services are provided by institutions (vs. community-based care), what are their admission/release criteria, and what are the rights of mental health patients?»*

In 2023, 114,112 patients received psychological help from primary care physicians. Of them, 72,395 are women, 41,717 are men, and 18,170 are children up to 17 years of age (inclusive) within the framework of the NSHU package «Support and treatment of adults and children with mental disorders at the primary level of medical care».

• *What reforms (if any) have taken place on mental health in the national health system?*

In order to improve the organisation and ensure the needs of the population in receiving psychosocial assistance and rehabilitation to ensure mental health, the Order of the Ministry of Health of Ukraine No. 2118 of 13 December 2023 «On the organisation of providing psychosocial assistance to the population» was developed and registered in the Ministry of Justice of Ukraine on January 25, 2024 under No. 126/41471, 127/41472, 128/41473, 129/41474, which provides:

- implementation of a comprehensive three-level system of psychosocial assistance in the field of health care:

- primary level – PMD doctor who completed the online mhGAP course;

- secondary level - psychologist, psychotherapist, clinical psychologist (psychologist), psychotherapist;

- tertiary level - psychological assistance in rehabilitation in the field of health care.

- the right of a PMD doctor to provide primary level psychosocial care;

- the patient's right to choose a provider of psychosocial care among a PMDL doctor, a psychologist, a psychotherapist, a clinical psychologist (psychologist), a psychotherapist;

- clearly defined cases of application of the main methods of psychosocial assistance: psychological first aid, crisis psychological counseling, psychological counseling, low-intensity psychological interventions, psychotherapy, as well as the main tasks of each of these methods;

- provision of psychosocial assistance in outpatient settings in individual or group forms.

Understanding the need to improve the provision of psychiatric care to the population, for the first time since 2000, the Order No. 2085 of 7 December 2023 «On the Approval of the Procedure for the Provision of Psychiatric Care in Hospital Conditions» was developed, registered in the Ministry of Justice of Ukraine No. 122/41467 of 25 January 2024 under and is based on international standards for the treatment of people suffering from mental disorders, taking into account the priority of human rights and dignity, specified in the Convention for the Protection of Human Rights and Fundamental Freedoms of 1950.

Tobacco control, Alcohol abuse prevention & Drug abuse prevention

● *To what extent is national legislation aligned with the EU acquis in these areas?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Additionally

Ukraine has fully implemented the WHO Framework Convention on Tobacco Control, Directive 2003/33/EC of the European Parliament and of the Council of May 26, 2003 on the approximation of the laws, regulations and administrative provisions of the Member States concerning the advertising and sponsorship of tobacco products, as well as Commission Implementing Decision (EU) 2015/1842 of October 9, 2015 on technical specifications for the layout, design and form of combined health warnings for smoking tobacco products.

Significant progress has been made in the implementation of Directive 2014/40/EU of the European Parliament and of the Council of April 3, 2014 on the approximation of the laws, regulations and administrative provisions of the Member States concerning the production, presentation and sale of tobacco and related products, repealing Directive 2001/37/EC and Council Regulation (EC) No. 111/2005 of December 22, 2004 laying down rules for the monitoring of trade in

drug precursors between the Community and third countries.

Ukraine is currently working on implementing Regulation (EC) No. 273/2004 of the European Parliament and of the Council of February 11, 2004 on drug precursors and acceding to the Protocol to Eliminate Illicit Trade in Tobacco.

• *Has the country ratified the WHO Framework Convention on Tobacco Control (FCTC) and the Protocol to Eliminate Illicit Trade in Tobacco Products (and are they being implemented)? What are country data on smoking prevalence?*

Ukraine has ratified the WHO Framework Convention on Tobacco Control (FCTC), and the Ministry of Health of Ukraine has developed a draft law on Ukraine's accession to the Protocol to Eliminate Illicit Trade in Tobacco Products, with its adoption expected in 2024.

During the reporting period, the following steps were taken to implement the provisions of the FCTC in Ukraine:

As of 11 July 2023, a ban on advertising for electronic smoking devices and the sale of e-cigarettes and their liquids with flavoring and aromatic additives came into effect.

As of 11 January 2024, new norms regarding the labeling of tobacco product packages, as stipulated by Law of Ukraine No. 1978-IX, came into effect. The increase in the area of health warnings to 65% was introduced. In the summer, the Ministry of Justice of Ukraine approved 14 sets of health warnings (text and illustration variants) developed by the Ministry of Health, technical requirements for the design and form of labeling, and the procedure for applying warnings by tobacco product manufacturers. This is an important step in implementing Directive 2014/40/EU, which provides a set of measures to protect the population from the harm of tobacco products and electronic cigarettes.

• *How are healthy lifestyles and disease prevention promoted?*

On 1 October 2023, the Law of Ukraine «On the Public Health System» came into force. This document was developed to regulate the mechanisms for creating an effective public health system in Ukraine, which will help to improve public health, prevent diseases and increase life expectancy. The enactment of the Law «On the Public Health System» is one of the factors in the full functioning of the public health system in Ukraine. It will allow to update the health care system, make it modern and integrated into the European network, and create a comprehensive public health system. The implementation of this document will further integrate Ukraine into the European space, and its implementation will help to increase life expectancy and bring it closer to the European level.

The Cabinet of Ministers of Ukraine approved the Strategy for the Development of Immunization and Protection of the Population from Infectious Diseases Preventable by Immunization for the period up to 2030 and the Operational

Plan for its Implementation in 2023-2025 by its Order of 1 June 2023, which provides for a comprehensive review and harmonisation with international standards of the legal acts regulating immunisation.

In order to increase the level of coverage of children and adults with preventive vaccinations in health care institutions, to ensure preventive vaccinations are carried out without a signed declaration on medical care, in vaccination centres and vaccination centres, an alternative is provided regarding the choice of a vaccine against COVID-19, the uninterrupted operation of vaccination centres is organised and of vaccination centres (where the situation allows) in conditions of disruption and/or transformation with electricity supply and access to the Internet, by connecting them to power sources, implemented in the «Algorithm of action on autonomous vaccination management regarding compliance with the requirement of the «cold chain» when using the vaccine. in the conditions of some power outages», explanatory work among the population about the need for immunoprophylaxis and the danger of interrupting immunisation, in particular, explaining the risks of the development of infectious diseases that can be prevented by immunoprophylaxis, together with national and international experts systematically carry out work on education and improving the qualifications of medical personnel regarding the implementation of immunoprophylaxis measures.

• *What is the state of play regarding prevention, rehabilitation and social reintegration programmes for drug addicts, if any?*

The Center for Public Health, as part of the program «Psychosocial Support Interventions for People with Substance Use Disorders», has opened the following courses for professionals who provide psychosocial support to people with substance use disorders in the process of treatment and rehabilitation:

1. Fundamentals of counselling people with substance use problems;
2. Basics of motivational interviewing;
3. Crisis counselling for people who are addicted to substances;
4. Introduction to cognitive behavioural therapy of addictions.

Communicable diseases and cross-border health threats

• *To what extent is national legislation aligned with the EU acquis in the area of communicable diseases and cross-border threats, in particular regarding the preparedness and response planning, list of communicable diseases and related special health issues and their case definitions subject to the EU network of epidemiological surveillance and in line with ECDC guidelines and reporting protocols?*

Implementing Decision 2018/945 of the EU Commission of June 22, 2018 «On infectious diseases and related special health problems to be covered by

epidemiological surveillance and relevant case definitions» defines infectious diseases that should be covered by epidemiological surveillance, all of which are included in the List of infectious diseases subject to surveillance, as defined by the Order of the Ministry of Health of 30. 07.2020 No. 1726 «On Approval of the Procedure for Keeping Records, Reporting and Epidemiological Surveillance (Monitoring) of Infectious Diseases and the List of Infectious Diseases Subject to Registration», registered with the Ministry of Justice of Ukraine on December 30, 2020 under No. 1332/35615.

The definitions of infectious diseases are approved by the Order of the Ministry of Health of Ukraine No. 905 of 28 December 2015 «On Approval of the Criteria for Determining Cases of Infectious and Parasitic Diseases Subject to Registration», registered with the Ministry of Justice of Ukraine under No. 379/28509 of March 12, 2016 .

Epidemiological surveillance of infectious diseases in Ukraine is carried out in accordance with the applicable laws and regulations. The main ones are the Laws of Ukraine «On Protection of the Population from Infectious Diseases» and «On the Public Health System».

Notification of suspected infectious disease subject to surveillance using the paper form 058/o «Emergency notification of infectious disease, foodborne, acute occupational poisoning, unusual reaction to vaccination» as defined by the Order of the Ministry of Health of Ukraine No. 1 of January 10, 2006 «On Approval of Primary Record Forms for Infectious, Dermatovenerological, Oncological Diseases and Instructions for Their Completion», registered with the Ministry of Justice of Ukraine on June 8, 2006 under No. 686/12560.

These notifications are submitted to the Centers for Disease Control and Prevention of the Ministry of Health of Ukraine (hereinafter referred to as the CDC) of the relevant administrative-territorial unit, which in turn notify the Center.

There is also a separate system for submitting extraordinary notifications of infectious disease outbreaks, the procedure for submitting such notifications is approved by Order of the Ministry of Health of Ukraine No. 190 dated 23.05.2002 «On Submitting Extraordinary Notifications to the Ministry of Health of Ukraine». This order contains notification forms and the procedure for submitting them and includes all diseases that are subject to reporting in case of their detection in accordance with the IHR requirements.

● ***Does the country have a national strategy for the prevention and control of healthcare-associated infections?***

No, there is no separate strategy for the prevention and control of healthcare-associated infections (HAIs) in Ukraine. However, measures for the preventing and controlling are included in the National Action Plan to Combat Antimicrobial Resistance and the State Strategy to Combat Antimicrobial Resistance for the period up to 2030.

• Which communicable diseases under the EU surveillance are covered by the national surveillance, and if there are any disease-specific surveillance systems, what is the coordination mechanisms between the general and specific surveillance systems?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Has the country national legislation equivalent effect to the EU acquis in protecting information and personal data processed in relation to public health actions?

National legislation provides for the equivalent of EU data protection legislation, namely, but not exclusively:

Article 2 of the Law of Ukraine «On Personal Data Protection» defines personal data as information or a set of information about an individual who is identified or can be specifically identified.

Article 7 of the Law of Ukraine «On Personal Data Protection» stipulates that it is prohibited to process personal data on racial or ethnic origin, political, religious or ideological beliefs, membership in political parties and trade unions, conviction to a criminal sentence, as well as data related to health, sexual life, biometric or genetic data unless such processing is necessary for healthcare purposes to establish a medical diagnosis, to provide care or treatment or to provide medical assistance.

The Fundamentals of Ukrainian Healthcare Legislation stipulate that the provision of medical and/or rehabilitation care using telemedicine is carried out through teleconsultation (televideo consultation), tediagnosis together with an examination, telerehabilitation and other methods that do not contradict the law, by exchanging personal data, medical information, medical diagnostic data in electronic form between a medical professional and/or rehabilitation specialist and a patient or between medical professionals.

The provision of medical and/or rehabilitation care using telemedicine is carried out in compliance with the requirements for maintaining medical secrecy and confidentiality of information about the patient's health status, in compliance with the requirements of the Laws of Ukraine «On Information», «On Protection of Personal Data», «On Protection of Information in Information and Communication Systems», as well as in compliance with the norms of ethics and deontology of medical care (Article 356).

Article 13(4) of the Law of Ukraine «On Prevention of Diseases Caused by the Human Immunodeficiency Virus (HIV) and Legal and Social Protection of People Living with HIV» stipulates that a healthcare professional may only disclose information about the results of HIV testing, the presence or absence of HIV infection, as specified in part three of this article, to to the person who was tested,

and in cases and under conditions provided for in part three of Article 6 of this Law, to the parents or other legal representatives of such person; to other healthcare professionals and healthcare facilities, individual entrepreneurs engaged in medical practice, solely in connection with the provision of all types of medical care to people living with HIV and public health facilities for the purpose of epidemiological surveillance of HIV infection.

● ***Does the country have administrative capacities – including human resources, technical equipment, and sustainable funding – to implement the EU acquis and related recommendations/ best practises in the area of communicable diseases?***

The Law of Ukraine «On the Public Health System» defines the basic principles of the system's functioning, its tasks and operational functions, and the subjects of relations in the field of public health, namely:

1. the Cabinet of Ministers of Ukraine;
2. the central executive body responsible for the formation of state policy in the field of health care
3. the main expert institution in the field of public health;
4. bodies of state supervision (control) over compliance with the requirements of sanitary legislation in the relevant area;
5. other public authorities;
6. Centers for Disease Control and Prevention, which belong to the sphere of management of the central executive body responsible for the formation of the state policy in the field of health care (centres for disease control and prevention);
7. scientific institutions;
8. Council of Ministers of the Autonomous Republic of Crimea, local state administrations, local self-government bodies;
9. healthcare institutions, individual entrepreneurs who have obtained a license to carry out economic activities in medical practice;
10. accredited laboratories;
11. institutions, establishments, units and subdivisions of central executive authorities implementing the state policy in the areas of defence and military construction, public order, protection of the state border, execution of criminal sentences, State Administration of Affairs, Security Service of Ukraine;
12. Citizens of Ukraine, foreigners and stateless persons permanently residing in the territory of Ukraine;
13. international organisations;

14. other legal entities and public organisations that do not have the status of a legal entity and operate in Ukraine.

The main tasks are assigned to the main expert institution in the field of public health - the State Institution «Public Health Center of the Ministry of Health of Ukraine» and the Centers for Disease Control and Prevention.

The institutions are provided with appropriate laboratory equipment. However, given the limited funding associated with the full-scale invasion, the equipment needs to be modernised and medical supplies purchased for diagnosing and monitoring infectious diseases.

• *Is there a functional computerised network for communicable disease surveillance reporting at the national level? Does the network include microbiology laboratories?*

Data on infections under individual surveillance are collected through the Socially Significant Diseases Information System (hereinafter referred to as the SSDI) and the Electronic Integrated Disease Surveillance System (hereinafter referred to as the EIDSS), which allows for all the necessary information about the patient and in-depth analysis based on globally accepted indicators and comparison of the situation in Ukraine with other countries in Europe and the world. The HSSIS is used to collect data on HIV and tuberculosis. In April 2020, ELISS was introduced as the main tool for collecting and analyzing COVID-19 data at the regional level in all 25 regions of Ukraine. As of today, COVID-19 cases are not recorded through the EHRIS due to the end of the pandemic and the transition of COVID-19 reporting to an aggregated form. At the same time, the successful experience of operating the ELISS for COVID-19 allowed for its expansion and updating to keep records of all infectious diseases. As part of the ELISS modernization, its name will be changed to the Electronic Surveillance System (hereinafter referred to as the ESES), which is more appropriate for the functions it will perform, and the Center is the system administrator. As of April 2024, the system is in trial operation, as defined by the Order of the Ministry of Health of Ukraine of 19 October 2023 «On the Introduction of the Electronic Integrated Disease Surveillance System».

As part of the PATH project, the laboratory information system EMSIMED was purchased for the laboratories of the Centers for Disease Control and Prevention and the Center. Currently, the system is being actively implemented at the level of all laboratory units, including microbiology laboratories. The system will allow: use the same Laboratory Reference Manuals; receive prompt data on research results, material and technical base, and staffing to prepare analytical reports for management decision-making.

One laboratory system is being implemented simultaneously with the introduction of the ESES, in particular the module for registering infectious diseases.

Mutual integration between these two systems (ESES and Emsimed) has also been launched. This will help avoid duplication of information and improve data

quality. In the near future, the development of an environmental module (soil, water, air, etc.) in the EHR, which will combine laboratory and surveillance data as a single system for analysing these data, is also planned.

● *Is there a national surveillance, risk assessment, and early warning and responses system for communicable diseases and cross-border health threats? Is there an adopted national epidemic preparedness plan? Is it in line with the implementation of International Health Regulations?*

To improve the system of early warning and response to infectious diseases and cross-border threats, the Emergency Response Plan was developed and approved:

Order of the Ministry of Health of Ukraine No. 2172 of 21 December 2023 «Emergency Response Plan of the Ministry of Health of Ukraine in the Field of Medical Protection of the Population and Sanitary and Epidemiological Welfare of the Population», which defines the system.

The Resolution of the Cabinet of Ministers of Ukraine No. 266 of 8 March 2024, «On Approval of the Procedure for Informing the Population on Biological Safety and Biological Protection» .

Amendments were made to the action plan for the implementation of the Strategy for Biological Safety and Biological Protection based on the «One Health» principle for the period up to 2025, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 1416-r of 27 November 2019 «On Approval of the Strategy for Biological Safety and Biological Protection based on the «One Health» principle for the period up to 2025 and Approval of the Action Plan for its Implementation».

Rapid Response Teams (RRTs) have been formed on the basis of 25 Centers for Disease Control and Prevention, including in border regions, to provide response measures to public health emergencies: radiation surveillance and dosimetric control groups, chemical surveillance and control groups, epidemiological surveillance and control groups, disinfection teams, and mobile laboratories.

Work is currently underway to develop unified approaches to responding to public health emergencies.

In addition, sanitary and quarantine departments have been established and are operating on the basis of regional centres for disease control and prevention, which, among other things, are responsible for preventing the cross-border introduction and spread of infectious diseases in Ukraine.

The response is based on best practices, including those of the European Center for Disease Prevention and Control, including the concept of the Public Health Emergency Operations Center (EOC) and the risk assessment concept used daily in the EOC's work.

The best European practices for responding to the COVID-19 pandemic were also used in terms of response measures.

Is there approved national One Health Action Plan on antimicrobial resistance and are there operational surveillance systems in antimicrobial resistance, antimicrobial consumption, and healthcare associated infections in human health, animal health and food?

In connection with the implementation of the National Action Plan for Combating Antimicrobial Resistance, the State Strategy for Combating Antimicrobial Resistance until 2030 and the Operational Plan for its implementation were developed.

• What is the number of notified cases of vaccine preventable diseases, what is the national immunisation coverage rate? What is the rate of new communicable diseases incidences per year?

In 2023, the vaccination coverage of newborns in obstetric facilities against hepatitis B in the first day of life is only 58,6%.

The level of vaccination coverage of children under the age of one against hepatitis B-3 is 79,2%.

75,1% of newborns were vaccinated against tuberculosis on the 3rd day of life in the country's maternity care facilities.

The fourth DTP vaccination covered 82,7% of 18-month-olds.

Coverage of preventive vaccinations against diphtheria and tetanus in 2023 among children aged 6 years was 70,9%.

The coverage rate of vaccinations against hemophilic infection among children aged 1 years of age is 78,2%.

Polio vaccination coverage in 2023 among children under the age of under one year of age is 84,9%.

Vaccination of children against measles, mumps and rubella in 2023 has the highest coverage rates among all antigens provided for in the by the Immunization Schedule.

Infectious morbidity of the population in Ukraine according to the report for 12 months 2022-2023 (in absolute numbers and intensive indicators per 100,000 population)

№	Diseases	Registered			
		2022		2023	
		int . room	abs . no	int . room	abs . no

1	Cholera	-	-	-	-
2	Typhoid fever	3	0,007		
3	Paratype A, B, C and unspecified	-	-		
4	Other salmonella infections	3195	7,71	4412	10,76
5	Shigellosis.	223	0,54	192	0,47
6	including bacteriologically confirmed	205	0,49	170	0,41
7	HECs, CTEs of established etiology	18484	44,6	21701	52,9
8	including campylobacteriosis	109	0,26	116	0,28
9	Yersinia enterocolitica	48	0,12	108	0,26
10	rotavirus enteritis	5581	13,4	3000	7,32
11	HECs, CTE of undetermined etiology	23031	55,6	28703	70,01
12	Other protozoan intestinal diseases	3868	9,34	4977	12,14
13	including giardiasis	3480	8,4	4494	10,96
14	cryptosporidiosis	10	0,03	18	0,04
15	Tularemia	2	0,005	1	0,0
16	Anthrax	-	-	-	-
17	Brucellosis	1	0,0	2	0,005
18	Leptospirosis	141	0,34	433	1,06
19	Listeriosis	2	0,005	12	0,03
20	Tetanus	12	0,029	6	0,01
21	Diphtheria	2	0,005	1	0,0
22	Whooping cough	32	0,08	707	1,72

23	including pertussis	-	-	4	0,01
24	Meningococcal infection	98	0,24	154	0,38
25	Legionnaires' disease	-	-	-	-
26	Syphilis	1263	3,05	1738	4,24
27	Gonococcal infection	788	1,9	890	2,2
28	Lyme disease	3875	9,36	4911	11,98
29	Ornithosis	-	-	-	-
30	Rickettsioses	-	-	-	-
31	including Brill's disease	-	-	-	-
32	typhus fever	-	-	-	-
33	spotted fever	-	-	-	-
34	CG fever	-	-	-	-
35	Acute poliomyelitis	-	-	-	-
36	Rabies	2	0,005	1	0,0
37	Tick-borne viral encephalitis	1	0	1	0,0
38	Viral meningitis	40	0,1	101	0,26
39	Viral and hemorrhagic fevers	12	0,03	18	0,04
40	including West Nile fever	11	0,027	14	0,03
41	hemorrhagic fever with renal syndrome	1	0	3	0,007
42	Measles	11	0,027	65	0,16
43	Rubella	8	0,02	11	0,03
44	Viral hepatitis	5775	13,94	9946	24,26
45	including acute hepatitis A	281	0,68	1050	2,56
46	acute hepatitis B	520	1,26	759	1,85

47	acute hepatitis C	304	0,73	439	1,07
48	chronic viral hepatitis	4600	11,1	7595	18,53
49	including chronic hepatitis B	896	2,16	1391	3,39
50	chronic hepatitis C	3668	8,86	6144	14,99
51	Epidemic mumps	190	0,46	529	1,29
52	Infectious mononucleosis	1138	2,75	2447	5,97
53	Malaria	10	0,02	10	0,02
54	Pediculosis and tuberculosis	2390	5,77	2940	7,17
55	Scabies	2617	6,32	3209	7,83
56	Hemophilic infection	2	0,005	8	0,02
57	GVSU	5210951	12581,1	5226979	12749,4
58	Influenza	7752	18,7	13286	32,41
59	Carriers of shigellosis pathogens	3	0,01	7	0,02
60	Carriers of toxigenic strains of diphtheria	-	-	-	-
61	Carriers of non-toxigenic diphtheria strains	12	0,03	-	-
62	Carriers of cholera pathogens	-	-	-	-
63	Malaria parasites	-	-	-	-

Non-communicable diseases, and Cancer screening

• Are there a National Cancer Control Plan/Registry/regional cancer site registries? Are there national programme(s) on early detection and treatment of cancer(s), which ones?

On 22 December 2023, the National Security and Defense Council of Ukraine adopted a decision «On the Prevention, Early Diagnosis and Treatment of Malignant Tumors», which, among other things, provides for

- Implementation of early diagnosis programs for certain types of malignant

tumors in accordance with scientifically based recommendations;

- introduction of a system for monitoring the indicators of early diagnosis of malignant tumors in accordance with scientifically based recommendations and long-term results of treatment of malignant tumors in adults and children with the priority of patient's life expectancy and quality of life;

- a set of measures to inform the population about the need to undergo screening programs for malignant tumors and self-examination to facilitate early diagnosis of malignant tumors, in particular through the use of a mobile application.

To implement this decision, the National Security and Defense Council of the Ministry of Health of Ukraine has developed a draft Resolution of the Cabinet of Ministers of Ukraine «On Approval of the National Strategy for the Control of Malignant tumors for the Period up to 2030 and Approval of the Action Plan for the Implementation of the National Strategy for the Control of Malignant Tumors for the Period up to 2025».

The National Cancer Registry in Ukraine has been functioning since Ukraine gained independence and has evolved and adapted to the needs of independent Ukraine. The current structure and principles of the National Cancer Registry continue to evolve in line with international standards for the collection, analysis and use of cancer data.

Blood, tissues, cells and organs

- *To what extent is national legislation aligned with the EU acquis in this area?*

- *Is there an authority (or authorities) that supervises the activities of blood, tissue and cell banks? If yes, are medically assisted reproduction centres also supervised by an authority?*

- *If there is an authority (or authorities) that supervises these centres, what supervisory functions does it perform?*

- *Inspection*

- *Authorisation*

- *Vigilance*

- *Others*

- *Provide information on how the SoHO Competent Authority (CA) is set-up, including:*

- *Whether there is one CA for the SoHO sector or separate CAs for blood, tissues and cells, and organs;*

- *Whether the CA(s) is/are stand-alone institutions/agencies or part of the Ministry of Health (MoH)?*

- *Whether those working on CA tasks also have other non-SoHO related responsibilities?*

• Whether inspectors are part of the authority or if this task is delegated to an inspectorate working in other sectors?

• Provide an organisation chart for the CA(s) showing:

• Total number of staff working for the CA(s)

• Division of tasks within the CA(s)

• Name of person responsible for each task

• Provide details on national reporting systems for:

• Annual reporting of activities

• Serious adverse reactions or events

• Traceability from donor to recipient

• How many blood establishments, plasma collection centres and fractionation plants, tissue establishments (including IVF centres) and organ transplant programmes are there?

• How many inspections in these areas have there been? What is the frequency of inspections?

• Provide information on TAIEX events in the SoHO sector, international cooperation and participation of the CA(s) in meeting of the Commission SoHO CA expert group.

Ukrainian legislation is in line with European standards in terms of the blood system. Currently, electronic tools for ensuring compliance with legal requirements regarding traceability, supervision, and control are under development. A competent authority (State Service of Medicines) has been established (authorised), whose inspectors have undergone training provided by, among others, experts from the EuBIS Academy. Ukrainian legislation partially converges in the area of tissue, cell, and organ transplantation. Ukraine is exploring European initiatives on new rules for regulating the quality and safety of substances of human origin intended for human application, including transplants (SOHO). The issue of establishing and operating an authorised body to oversee these matters is planned to be resolved during the creation of a state control authority for pharmaceutical activities in accordance with EU requirements. Additionally, a law on reproductive technologies covering the issue of reproductive cells, is planned to be adopted.

Patients' rights in cross-border healthcare and eHealth

• To what extent is national legislation aligned with the EU acquis in these areas?

According to the European Commission Report on Ukraine for 2023, national legislation is partially aligned with the acquis in the field of cross-border healthcare. In Ukraine, there is no automatic reimbursement of the costs of treatment received abroad, except in cases where it is impossible to get the necessary help in healthcare

institutions in Ukraine and an application for state funding has been submitted. There is no separate legislation on the provision of medical assistance to EU citizens.

In view of this, the Ministry of Health of Ukraine (MoH) is actively working on the transposition into national legislation of the provisions of Directive 2011/24/EU of the European Parliament and of the Council of March 9, 2011 on the application of patients' rights in cross-border healthcare.

In particular, for the past period:

1. 1) Directive 2011/24/EU has been defined by the MoH as a priority act of EU law in the field of health care, which is subject to implementation with a transitional period;

2. the drafting of the draft law on the transposition of the requirements of Directive 2011/24/EU into national legislation has begun;

3. the roadmap for the implementation of Directive 2011/24/EU was developed and approved;

4. cooperation was established between the National Health Service of Ukraine and the National Health Foundation of Poland (NFZ) regarding the activities of Contact Points and the implementation of Directive 2011/24/EU, in particular, on March 26, 2024, an online meeting of representatives of the Ministry of Health of Ukraine with the Ministry of Health and NFZ was held of Poland, which initiated cooperation and direct dialogue between NFZ and NSZU in the field of implementation of Directive 2011/24/EU. During the meeting, representatives of the NFZ presented the legal and organisational principles of the operation of the contact point provided for by Directive 2011/24/EU, the functions of which are performed by the NFZ, the interaction of the contact points of other EU countries, procedures for reimbursing Polish citizens for the cost of treatment they received abroad;

5. on February 15, 2024, An Administrative Agreement was signed between the Ministry of Health of Ukraine and the DG SANTE regarding assistance to Ukrainian providers of medical services in seeking advice from members of European reference networks (ERN) regarding Ukrainian patients with rare or complex diseases;

6. on the initiative of the Ministry of Health, the Law of Ukraine «On State Financial Guarantees of Medical Services of the Population» in July 2023 was amended, providing for the possibility of providing free medical care to people who are sick with tuberculosis and are foreigners or stateless persons, regardless of the reason for the stay of such persons in the territory of Ukraine and the presence of documents certifying the identity in accordance with the procedure established by the Ministry of Health of Ukraine.

• Do you have any legislation in place regarding the reimbursement of costs of healthcare received by your citizens in your country? If so, what are the principles of this legislation (with particular regard to: conditions for

reimbursement; levels of reimbursement; administrative procedures)?

In Ukraine, the Program of Medical Guarantees is determined every year - a list of medical services free of charge for citizens and foreigners, stateless persons permanently residing on the territory of Ukraine, and person recognised as refugees or persons in need of additional protection.

An institution providing universal health coverage - the National Health Service of Ukraine - was created and operates in the country. This is a state authority in the sphere of management of the Ministry of Health, which contacts and pays medical service providers, regardless of their form of ownership, the cost of guaranteed medical services provided by them at specified rates.

Within the scope of the Medical Guarantee Program, there is a program for reimbursement of the cost of medicinal products – «Affordable Medicines». In April 2017, the Government launched the «Affordable Medicines» reimbursement program. With it, patients have the opportunity to purchase medicine at the pharmacy free of charge or with an additional payment.

Since 1 April 2019 the National Health Service of Ukraine has administered the «Affordable Medicines» drug reimbursement program, which directly reimburses pharmacies for the cost of prescription drugs dispensed to patients. The program reduces patients' financial burden and increases the availability of medicines.

The «Affordable Medicines» reimbursement program is constantly expanding with new drugs, and as of March 2024, the program reimburses (free of charge or with a surcharge) the cost of drugs used in the treatment of patients:

- with cardiovascular diseases,
- chronic diseases of the lower respiratory tract,
- type II diabetes, type I diabetes, diabetes insipidus,
- Parkinson's disease,
- behavioural and mental disorders, epilepsy,
- and:
- to provide patients with medicines in the post-transplantation period,
- for pain management and palliative care.

From October 2023, the «Affordable Medicines» program includes medical products - test strips for determining the level of glucose for an individual glucometer.

It is these diseases that have the greatest impact on the mortality rates of the population of Ukraine or significantly reduce the patient's quality of life and are effectively treated at the outpatient level.

The «Affordable Medicines» program includes medicinal products that contain an active substance (international non-proprietary name, active pharmaceutical

ingredient) defined in Chapter III «Reimbursement» of the Procedure for the Implementation of the Program of State Guarantees of Medical Services for the Population in 2024, approved by a resolution of the Cabinet of Ministers of Ukraine No. 1394 of 22 December 2023.

The state fully reimburses the cost of the cheapest medicine and medical product for which an application for participation in the «Affordable Medicines» program has been submitted. Also, the presence of a drug and a medical device in the program depends on the manufacturer's decision to participate - he must submit an application for inclusion of his drug in the Register of drugs/medical devices that are subject to reimbursement.

On 29 February 2024 the updated Registers of medicines and medical devices subject to reimbursement under the program of state guarantees of medical care of the population, which were approved by the order of the Ministry of Health of Ukraine No. 279 20 February 2024 entered into force.

The Ministry of Health's website freely hosts registers of medicines and medical devices. These registers contain information on the type of reimbursement (free of charge or with a surcharge, indicating the amount of the surcharge).

You can familiarise yourself with the Registers of medicines and medical products at the following link: <https://moz.gov.ua/article/ministry-mandates/nakaz-moz-ukraini-vid-20022024--279-pro-zatverdzhennja-perelikiv-likarskih-zasobiv-i-medichnih-virobiv-jaki-pidljagajut-reimbursacii-za-programogu-derzhavnih-garantij-medichnogo-obslugovuvannja-naselennja-stanom-na-12-ljutogo-2024-roku>

As of February 12, 2024, the current Registers included 489 items of drugs, of which: 229 – against cardiovascular diseases, 57 – against diabetes, 32 – for the treatment of COPD, 65 – for mental and behavioural disorders, as well as epilepsy, 4 - for diabetes insipidus, 7 - for the treatment of Parkinson's disease, 68 positions of insulin drugs with full cost compensation or with additional payment according to the categorisation of patients, as well as: 21 - for providing patients with drugs in the post-transplantation period, 6 - for the treatment of pain and providing palliative care, as well as 43 test strips for determining the level of glucose for an individual glucometer.

The registers contain all the necessary information for the patient: trade name of the drug, active substance, form of release, dosage, name of the medical product, quantity in the package, type of reimbursement (free of charge or with a surcharge indicating the amount of the surcharge).

• *How are patients informed about their rights to healthcare in your country, such as on applicable fees for healthcare, patient quality and safety standards, complaints procedures, accessibility of hospitals for persons with disabilities? Is there a dedicated website/institution informing patients about their rights?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Do you have any legislation in place regarding the reimbursement/coverage of costs of healthcare received abroad by your citizens? If so, what are the principles of this legislation (with particular regard to: treatments covered; levels of reimbursement/coverage; authorisation/reimbursement procedures; any difference between the rules applicable to planned and unplanned healthcare; information provision to patients about the rights to healthcare abroad)? What is the annual expenditure for treatments of patients from your country abroad?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Do you have any legislation in place regarding healthcare provided to nationals from EU Member States? If so, what are the principles of this legislation (with particular regard to: access to healthcare; tariffs charged; access to patient records; information to patients about patient safety standards in place; any differences between the treatment of planned or unplanned healthcare)?

In accordance with the Constitution of Ukraine, the Fundamentals of Ukrainian legislation on health care, the Law of Ukraine «On State Financial Guarantees of Medical Services of the Population», foreigners permanently residing on the territory of Ukraine have the same rights in the field of healthcare as Ukrainian citizens.

In accordance with the Law of Ukraine «On the establishment of additional legal and social guarantees for citizens of the Republic of Poland staying on the territory of Ukraine», citizens of the Republic of Poland during their stay on the territory of Ukraine have the right to free medical care in state and communal health care institutions on under the same conditions as citizens of Ukraine.

For foreigners and stateless persons temporarily staying in the territory of Ukraine, within the framework of the medical guarantee program, the state provides payment for the necessary medical services and medicines related to the provision of emergency medical care. Such persons are obliged to compensate the state for the full cost of the provided medical services and medicines in accordance with the procedure established by the Cabinet of Ministers of Ukraine, unless otherwise stipulated by international treaties or Laws of Ukraine.

• Is there a legal framework for health data protection? Who can have access to health data?

The legal framework is covered by the Law of Ukraine «On the Protection of Personal Data», Resolution of the Cabinet of Ministers of Ukraine No. 411 of 25 April 2018 «Some issues of the electronic health care system».

National legislation provides for administrative (Articles 188-39 of the Code of Ukraine on Administrative Offenses) and criminal liability (Article 182 of the Criminal Code of Ukraine) for violation of legislation in the field of personal data protection.

In Ukraine, there is an electronic health care system (eHealth), which is mandatory for use by all business entities that conduct medical practice. It consists of a central database, which is under the responsibility of the NHSU and medical information systems, which are independently chosen by providers of medical services and provide them with access to the central database. eHealth ensures the creation, maintenance and exchange of electronic medical records, the writing and issuing of electronic prescriptions for medicines, the conclusion of contracts for medical care of the population and , the formation of electronic medical conclusions on temporary incapacity, which are subject to subsequent payment from social insurance, etc.

The Central Database of the EHCS is securely protected, and cybersecurity is under constant surveillance, including necessary measures, penetration testing, etc., with the involvement of international companies. A cybersecurity certification is available. All data in the EHCS are securely protected and regular security audits are conducted. Only a doctor has access to a patient's data. Data entries can be made by doctors, each record is verified with an electronic signature, thus the doctor personally is responsible for the accuracy of the data. To protect medical data in the system, various access levels are implemented. For example, a family doctor has access to the data of patients with whom a declaration was signed (except for sensitive data), while a treating doctor has access only to the medical episode they are managing. Neither direct medical information systems nor employees of other institutions have access to patient medical data. Thus, the system clearly delineates who has access to patient data and under what conditions. Circumventing these restrictions is impossible - a random person cannot view the diagnoses of a particular patient. Medical personnel have access only to the data and to the extent necessary for providing medical services.

● ***Is there a national authority responsible for eHealth?***

In accordance with the Regulation on the Ministry of Health of Ukraine, the Ministry of Health in the field of electronic health care development:

- contributes to the formation of a unified medical information space in Ukraine, as well as integration into the world medical information space;
- carries out strategic planning of the implementation and development of information and information and communication systems and electronic registers in the field of health care, in particular, the electronic health care system;
- promotes the development of telemedicine, systems for data processing, use and acquisition of new knowledge in the field of health care;

- contributes to the implementation of unified terminological dictionaries and classifiers, recommendations on the protection of information and personal data in the field of health care;

- carries out measures to ensure cyber security, monitoring, protection and analysis of possible interventions, losses, damages in information and information and communication systems and electronic registers in the field of health care directly within the scope of competence;

- contributes to the development of digital competences of health care workers, as well as information culture, digital literacy, cyber security and cyber hygiene of health care workers and patients.

The National Health Service of Ukraine in accordance with its Regulation:

- ensures the functioning of the electronic health care system, determines the direction of its development, verifies data in the system, approves technical requirements for electronic medical information systems;

- ensures the maintenance of registers that are part of the electronic health care system, other state electronic databases and registers, other information systems in the sphere of its competence;

- provides the person with information about him/her contained in the electronic health care system and information about the persons who submitted requests for the specified information in accordance with the legislation.

The state enterprise «eHealth» operates in Ukraine. The main tasks of the enterprise are: technical and technological support for the creation and maintenance of software for maintaining electronic databases created in accordance with the legislation of Ukraine on healthcare, providing appropriate access to natural and legal entities to such databases and information systems administered by the Enterprise, ensuring the preservation and protection of data contained in automated systems and databases, provision of services to individuals and legal entities, including commercial, production, household, transport and forwarding, warehouse, engineering, agency and other services.

• *Is there a legal framework on electronic health records?*

The Law of Ukraine «Basics of the Legislation of Ukraine on Health Care» defines that medical information is information about a person's medical care or its results, presented in a unified form in accordance with the requirements established by the law, including information about the state of health, diagnoses and any which documents are related to health and limitation of daily functioning/ life activities of a person. Thus, the main legislative basis is the Resolution of the Cabinet of Ministers of Ukraine No. 411 of 25 April 2018 «Some issues of the electronic healthcare system», in particular the Procedure for the functioning of the electronic health care system defined by this act and the Order of the Ministry of Health of Ukraine dated 02/28. 2024 No. 587 «Some issues of maintaining the Register of

medical records, referral records and prescriptions in the electronic health care system».

• *Is there a legal framework on the re-use of electronic health data for research, innovation, policy-making or regulatory purpose?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Is there a legal framework on digital health? What strategy do you have in place to provide rare disease specific health services?*

The Law of Ukraine «Basics of the Legislation of Ukraine on Health Care» defines that electronic health care is a system of mutually acceptable information relations of all subjects in the field of health care, which are based on the use of methods, measures and technologies with the use of the digital environment, including of information and communication technologies aimed at supporting the health care sector, including medical services, preventive supervision of the health of the population and its strengthening, improving the quality and increasing the life expectancy of the population, medical literature and education in the field of health care, knowledge and research, use of digital services for the purpose of obtaining the necessary information, knowledge and skills for providing medical and/or rehabilitation assistance, performing operational functions of the public health system.

The procedure for the functioning of the electronic health care system was determined by the Cabinet of Ministers of Ukraine (Resolution of the Cabinet of Ministers of Ukraine No. 411 of 25 April 2018). In particular, it includes the Register of patients, the Register of declarations on the choice of a doctor who provides primary medical care, the Register of economic entities in the field of health care, which contains information about health care institutions, natural persons - entrepreneurs who have a license for carrying out economic activities from medical practice, Register of medical specialists, containing information on persons who provide medical and/or rehabilitation assistance, Register of medical workers, containing information on professionally trained persons who, in accordance with the law, have the right to provide medical care, Register medical records, referral records and prescriptions, Register of medical reports.

The procedure for providing medical and/or rehabilitation assistance using telemedicine is determined by the Ministry of Health of Ukraine.

Thus, the Procedure for providing medical assistance using telemedicine, rehabilitation assistance using telerehabilitation for the period of martial law in Ukraine or some of its localities is defined by Order No. 1695 of the Ministry of Health of Ukraine 17 September 2022. In particular, the effect of this Procedure applies to telemedicine and telerehabilitation platforms (systems), information and

communication systems, television video consultation services, telemetric and teleradiological hardware and software solutions for diagnosing the state of human health, software and hardware complexes, mobile diagnostic complexes used in the provision of medical assistance and rehabilitation in the field of healthcare.

Regarding rare (orphan) diseases.

The Law of Ukraine «Basics of the Legislation of Ukraine on Health Care» defines that a rare (orphan) disease is a disease that threatens a person's life or that is chronically progressive, leads to a reduction in the life expectancy of a citizen or to his disability, the prevalence of which among the population is no more than 1: 2000

In accordance with this Law, the state provides measures for the prevention of rare (orphan) diseases and the organisation of providing appropriate medical care to citizens suffering from such diseases.

For this purpose, the Ministry of Health of Ukraine:

- determines and approves the list of rare (orphan) diseases and ensures the official publication of this list;

- determines the measures necessary to ensure the prevention of rare (orphan) diseases and establishes the procedure for providing medical assistance to citizens suffering from these diseases.

Processing of medical information about citizens suffering from rare (orphan) diseases is carried out in the electronic health care system.

Citizens suffering from rare (orphan) diseases are provided without interruption and free of charge with medicines and appropriate food products for special dietary consumption necessary for the treatment of these diseases in accordance with their list and volumes approved by the central executive body, which ensures the formation of state policy in the field health care, in accordance with the procedure established by the Cabinet of Ministers of Ukraine.

In 2021, the Government of Ukraine approved the Concept of the development of the system of providing medical care to patients suffering from rare (orphan) diseases for the years 2021-2026 and the implementation plan for it.

List of reference centres on rare (orphan) diseases.

It should be emphasised that early detection of the disease will allow protocol therapy and correction to be applied even at the preclinical stage of the disease, thereby completely preventing the manifestation of symptoms or significantly alleviating them. Preventing the development of the disease will ensure a full life for the child. Therefore, from 2022, extended neonatal screening for 21 rare diseases will be started in Ukraine. This is a comprehensive examination of newborns to detect hereditary and congenital diseases. The pilot launch started in 12 regions of Ukraine: Kyiv, Vinnytsia, Volyn, Zhytomyr, Zakarpattia, Ivano-Frankivsk, Kyiv, Lviv, Rivne, Ternopil, Khmelnytskyi and Chernivtsi regions.

Laboratory tests according to the neonatal screening program in accordance with the list of diseases specified by the order of the Ministry of Health of No. 2142 of 1 October 2021, are carried out on the basis of expert and two regional centres of neonatal screening - National Children's Specialized Hospital «Ohmatdyt», Lviv Regional Clinical Perinatal Center. Also, for the launch of the project, the necessary legal acts were adopted, computer equipment and software were purchased, new functionality was developed in the electronic health care system, training of medical workers was provided, reagents and logistical solutions were purchased, and new test forms for sampling were carried out of blood, funding for neonatal screening services has been established as part of a separate package of the medical guarantee program.

This service is free and available in maternity hospitals, perinatal centres and children's hospitals with neonatology departments.

The entire process of neonatal screening is monitored and recorded in the electronic health care system: from the registration of the newborn and the taking of blood samples by the doctor to the processing of the referral by the laboratory technician and the recording of the diagnostic report based on the research results.

Expansion of the neonatal screening program and digitization of processes will make it possible to timely identify the risks of orphan diseases in infants and prevent their clinical manifestations as soon as possible. After all, timely detected and timely treatment prevents the development of the disease and creates conditions for a long and fulfilling life of patients.

In addition to the launch of expanded screening, several important changes were also made to create a system for treating orphan patients. In particular, the Law on Managed Access Contracts was passed, which allowed for the purchase of drugs at a reduced price. At the end of the year, the State Enterprise «Medical Procurement of Ukraine» for the first time purchased expensive medicines for patients suffering from a rare disease - spinal muscular atrophy (SMA).

The first child diagnosed with SMA as part of extended screening was treated with an innovative drug purchased from the state budget under the mechanism of managed access contracts. This child was born only a few months ago, but thanks to timely diagnosis, it was possible to detect the disease, carry out all the examinations and start treatment.

In addition, among the improvements that the Ministry of Health of Ukraine is currently working on is the formation of a network of reference centres for rare (orphan) diseases to ensure coordination and improvement of the quality of medical care for patients suffering from such diseases, as well as their involvement in the provision of medical care the most qualified specialists in certain areas.

Work is also ongoing today on the translation into Ukrainian and adaptation of the Nomenclature of Rare Diseases (Orphanet) with further implementation in national legislation.

The Ministry of Health of Ukraine also approved:

Regulations on the network of reference centers for rare (orphan) diseases, as well as the requirements and criteria that a reference center for rare (orphan) diseases must meet (Order of the Ministry of Health of Ukraine No. 1620 of 7 September 2022).

List of reference centers for rare (orphan) diseases (Order of the Ministry of Health of Ukraine No. 598 of 30 March 2023).

In the field of recognition of prescriptions

• *Do you have any legislation in place on the recognition and dispensation of medical prescriptions (e.g., by pharmacists) issued in a country other than yours and if so, please explain the general outline of such legislation?*

• *Do you have any legislation/ in place on the content of medical prescriptions issued in your country (which information items that shall appear on prescriptions to identify prescriber, patient, prescribed product, etc.) and if so, please transmit this list of information items?*

• *Do you use an electronic prescription system and if so, is it interoperable with similar systems in use by other countries?*

EU acquis:

Commission Implementing Directive 2012/52/EU of 20 December 2012 laying down measures to facilitate the recognition of medical prescriptions issued in another Member State

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Medicinal products

• *Please provide information regarding*

• *the present status, alignment with EU legislation including a description of the type of approval system for each sub-sector as listed below;*

• *the forecast (date of adoption and implementation of the EU Directives EU and Regulations EU):*

Medicinal products (human and veterinary - Directives 2001/83/EC (consolidated version 1/012022), and Regulation (EU) 2019/6

The provisions of Directive 2001/83/EC are implemented in:

1. Law of Ukraine «On Medicinal Products» which entered into force on August 18, 2022 and will be implemented 30 months after the end of martial law, introduced by the Decree of the President of Ukraine No. 64/2022 of 24 February .2022«On the introduction of martial Law in Ukraine» , approved by the Law of Ukraine No. 2102-IX of 24 February 2022 « On the approval of the Decree of the

President of Ukraine «On the introduction of martial law in Ukraine» d, with the exception of certain provisions;

2. Order of the Ministry of Health of Ukraine No. 690 23 September 2009 «On the approval of the Procedure for conducting clinical trials of medicinal products and examination of clinical trial materials and the Standard Regulation on ethics commissions» (with amendments);

3. Order of the Ministry of Health of Ukraine No. 809 22 November 2011 «On approval of the Procedure for establishing a ban (temporary ban) and renewal of circulation of medicinal products on the territory of Ukraine» (with amendments);

4. Order of the Ministry of Health of Ukraine No. 95 of 16 February 2009 «On the approval of documents on quality assurance of medicinal products», which approved a number of guidelines in the field of quality and safety of medicinal products (with amendments);

5. Order of the Ministry of Health of Ukraine No. 1130 of 27 December 2012 «On approval of the Procedure for confirmation of the compliance of the conditions of production of medicinal products with the requirements of good manufacturing practice» (with amendments).

• *Provisions relating to the authorisation of medicinal products for human use and placed on the market (marketing authorisations)*

The provisions of Directive 2001/83/EC are implemented in Chapter III «Market Admission» of the Law of Ukraine «On Medicinal Products» which entered into force on 18 August 2022 and will be implemented 30 months after the end of martial law introduced by Decree of the President of Ukraine No. 64/2022 of 24 February 2022 «On the introduction of martial law in Ukraine», approved by the Law of Ukraine No. 2102-IX of 24 February 2022 «On Approval of the Decree of the President of Ukraine «On the Introduction of Martial Law in Ukraine», with the exception of certain provisions.

• *Provisions relating to advertising, manufacture, importation, labelling, wholesale distribution, advertising, pharmacovigilance and supervision of medicinal products as well as sanctions related to medicinal products as laid down in Directives 2001/83/EC (consolidated version 1/012022), and Regulation (EU) 2019/6 (and associated delegated and implementing acts)*

The provisions of Directive 2001/83/EC are implemented in:

1. Section IV «Production and import of medicinal products», Section V «Marking of medicinal products and information materials accompanying the medicinal product», Section VI «Classification of medicinal products», Section VII «Wholesale and retail trade of medicinal products», Section VIII «Information provision, advertising and promotion», Section IX «Pharmacological supervision», Section X «Supervision and control» of the Law of Ukraine «On medicinal

products» which entered into force on August 18, 2022 and will be implemented 30 months after the end of the martial law imposed by the Presidential Decree «On the introduction of martial law in Ukraine» dated 24.02.2022 N 64/2022, approved by the Law «On the approval of the Decree of the President of Ukraine «On the introduction of martial law in Ukraine» dated 24.02.2022 No. 2102-IX, with the exception of certain provisions;

2. Law of Ukraine «On Licensing Types of Economic Activity»;

3. Resolution of the Cabinet of Ministers of Ukraine No. 929 of 3 November 2016 «On Approval of Licensing Conditions for Conducting Economic Activities for the Production of Medicinal Products, Wholesale and Retail Trade of Medicinal Products, Import of Medicinal Products (except for active pharmaceutical ingredients)»;

4. Order of the Ministry of Health of Ukraine No. 95 16 February 2009 «On the approval of documents on quality assurance of medicinal products», which approved the «Guideline «Medicinal products. Proper production practice. ST-N of the Ministry of Health of Ukraine 42-4.0:2020», Guideline «Medicinal products . Proper practice of distribution. ST-N 42-5.0:2008» (attached), to replace instruction 42-01-2002 «Medicinal products. Proper practice of distribution», «Guideline «Medicinal products. Good storage practices. ST-N 42-5.1:2011», «Instruction. «Medical products. International harmonised requirements for series certification. ST-N 42-4.4:2011»; «Instruction «Medicines. Good Manufacturing Practice. Special rules of proper production practice of drugs of advanced therapy» ST-N 42-4.9:2020»; «Instructions. «Medicines. Some provisions regarding active substances exported to Ukraine for the production of medicinal products. ST-N 42-4.6:2016»; «Instruction. «Medicinal products. Formalised general risk assessment for the purpose of establishing appropriate good manufacturing practice for excipients used in medicinal products for humans. ST-H 42-4.8:2016»; «Instruction «Medicines. Principles of good practice for the distribution of active substances for medicinal products for humans. ST-N 42-5.2:2020»;

5. Order of the Ministry of Health of Ukraine No. 809 22 November 2011 «On approval of the Procedure for establishing a ban (temporary ban) and renewal of circulation of medicinal products on the territory of Ukraine»;

6. Order of the Ministry of Health of Ukraine No. 1130 of 27 December 2012 «On approval of the Procedure for confirmation of the compliance of the conditions of production of medicinal products with the requirements of good manufacturing practice».

• ***Provisions regarding the collection of data on the volume of sales and use of antimicrobials as laid down in Regulation (EU) 2019/6 and associated delegated and implementing acts (such as Commission Delegated Regulation (EU) 2021/578 and Commission Implementing Regulation (EU) 2022/209)***

• ***Provisions relating to good manufacturing practices as laid down in***

Directives 2003/94/EC and 91/412/EEC

The provisions relating to good manufacturing practice are set out in the Guideline «Medicinal products. Good manufacturing practice» approved by the Order of the Ministry of Health of Ukraine No. 95 of 16 February 2009 «On the approval of documents on quality assurance of medicinal products».

• Provisions relating to good clinical practices in respect of medicinal products as laid down in Directive 2001/20/EC, Clinical Trials Regulation (EU) 536/2014, Directive 2005/28/EC, Delegated Regulation (EU) 2017/1569, and Implementing Regulation 2017/556

In 2024, the Ministry of Health of Ukraine developed and published for public discussion a draft order «On the approval of changes to the Procedure for conducting clinical trials of medicinal products and examination of clinical trial materials», which provides for bringing them into line with Regulation (EU) No 536/2014 of the European Parliament and of the Council of 16 April 2014 on clinical trials on medicinal products for human use, and repealing Directive 2001/20/EC, deadlines for conducting preliminary and specialised examination of clinical trial materials using an advanced therapy medicinal product and periods for conducting examinations of a significant amendment using an advanced therapy medicinal product.

Also, taking into account the requirements of Regulation (EC) No. 536/2014 of the European Parliament and the Council of 16 April 2014 on clinical trials of medicinal products for human use and on the repeal of Directive 2001/20/EC, the possibility of submission by the applicant during clinical evaluation studies is introduced of bioequivalence or therapeutic equivalence, – in the case of purchase by the sponsor of a clinical trial in the territory of the European Union countries of the research medicinal product used as a comparison, – instead of a certificate of series (certificate of analysis, quality certificate), provision of a certificate of conformity of production of a series of research medicinal product purchased in the country of the European Union means of the principles of good manufacturing practice, issued by the authorised person for quality (manufacturer).

Provisions related to good clinical practice regarding medicinal products are implemented in:

1. Order of the Ministry of Health of Ukraine No. 690 of 23 September 2009 «On the approval of the Procedure for conducting clinical trials of medicinal products and examination of clinical trial materials and the Standard Regulation on ethics commissions».

2. Order of the Ministry of Health of Ukraine No. 1525 24.08.2022 «On the approval of the Procedure for the approval and implementation of the program of extended access of patients to unregistered medicinal products and the program of access of research subjects (patients) to the researched medicinal product after the

completion of the clinical trial and Changes to the Procedure of import into the territory of Ukraine of unregistered medicinal products, standard samples, reagents».

3. Guidelines «Medical products. Proper clinical practice» ST-N of the Ministry of Health of Ukraine 42-7.0:2008, approved by the order of the Ministry of Health of Ukraine No. 95 dated 16.02.2009 with changes.

4. Regulation of interaction between the Ministry of Health of Ukraine and SE «State Expert Center of the Ministry of Health of Ukraine» regarding the preparation of the decision of the Ministry of Health of Ukraine on conducting a clinical trial of medicinal product(s) or approving a significant amendment Order of the Ministry of Health of Ukraine No. 220 of 15 April 2015 .

5. «Guidelines «Medicinal products. Good manufacturing practice. ST-N of the Ministry of Health of Ukraine 42-4.0:2020, approved by the order of the Ministry of Health of Ukraine No. 95 of 16. February 2009.

6. The Order of the Ministry of Health of Ukraine No. 264 of 16 February 2024 «Instruction. Quality, preclinical and clinical aspects of medicinal products containing genetically modified cells».

7. The Order of the Ministry of Health of Ukraine No. 480 of 20 March 2024 «Instruction. Medicines. Classification of drugs of advanced therapy».

8. Orders of the Ministry of Health of Ukraine No. 426 of 26 August 2005 «On approval of the Procedure for examination of registration materials for medicinal products submitted for state registration (re-registration), as well as examination of materials on making changes to registration materials during the validity of the registration certificate».

• *Provisions relating to the prevention and addressing the risk of falsified medicines in the legal supply chain as laid down in Directive 2011/62/EU and Delegated Regulation (EU) 2016/161*

In order to approach the legislation of the European Union in the field of preventing and combating the circulation of falsified medicinal products and for the purpose of effective prevention and combating the circulation of falsified medicinal products, the verification of medicinal products is implemented in Ukraine - the 2D coding system for medicines.

The Ministry of Health of Ukraine has developed a draft Resolution of the Cabinet of Ministers of Ukraine «Some issues of safety and verification of medicinal products», which will approve:

1. Regulations on the national system of verification of medicinal products;

2. The procedure for applying safety measures to the packaging of the medicinal product and their use.

The mentioned draft resolution of the Cabinet of Ministers of Ukraine was

developed in accordance with the Delegated Regulation of the Commission (EU) 2016/161 of 2 October 2015 which supplements Directive 2001/83/EC of the European Parliament and the Council by establishing detailed rules regarding safety devices applied to the packaging of medicinal products. The European Organization for the Verification of Medicinal Products ensures the functioning of the European hub - a centralised data repository to which the national data repositories of the respective states are connected.

The draft resolution has been agreed with the interested ministries and departments, is under approval by the State Regulatory Service of Ukraine and will be sent to the Cabinet of Ministers of Ukraine.

• *How are medicines authorised and on what basis? Describe the structure and the size of the competent institution(s) responsible for authorisation of human and veterinary medicines and their administrative capacity.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Is there any system to take appropriate action, if emerging safety issues for authorised medicinal products are discovered?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Describe the pharmaceutical sector upon which the implementation of the Pharmaceutical legislation will have an impact?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Is there any legislation in your country relative to the authorisation, production, import, advertising, labelling, distribution, supervision and surveillance (pharmacovigilance) of medicinal products for human and veterinary uses? Please provide the table of correspondence presenting the level of alignment of your national legislation with the Directives 2001/83/EC (consolidated version 1/01/2022). Directive 2003/98/EC, Regulation (EU) 2019/6 and Regulation 470/2009.*

Yes, there is.

A compliance table showing the level of compliance of your national legislation with Directives 2001/83/EC (consolidated version 01 January 2022) is attached.

• *Could you provide us with a number of nationally authorised medicinal products (human and veterinary)?*

As of 4 April 2024 14,749 medicinal products have been entered into the State Register of Medicinal Products of Ukraine (of which, 4,557 are domestic medicinal products, 10,192 are foreign medicinal products).

No.	Medicinal product	Ukrainian production	Foreign production	Together
1	finished products	3970	7653	11623
2	substance	350	1953	2303
3	«in bulk»	184	455	639
4	packaging from «in bulk»	53	131	184
	Together	4557	10192	14749

• *Do you have any legislation on the clinical trials on human subjects? Please provide information regarding the present status of alignment of your national legislation with the following EU legislation:*

1. Directive 2001/20/EC (applicable until 2025).
2. Clinical Trials Regulation (EU) 536/2014; (fully applicable since 31 January 2022).
3. Delegated Regulation (EU) 2017/1569 (applicable until 2025 when the clinical trial is under the rules of the Clinical Trials Regulation).
4. Implementing Regulation (EU) 2017/556 (applicable until 2025 when the clinical trial is under the rules of the Clinical Trials Regulation).
5. Directive 2003/94/EC (applicable until 2025 when the clinical trial is under the rules of the Clinical Trials Directive).

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

In addition to the report for 2023: The guideline «Drugs. Proper clinical

practice» was approved by the Order of the Ministry of Health of Ukraine No. 95 of 16 February 2009 «On approval of documents on quality assurance of medicinal product» (applies to all types of medicinal products for humans and establishes general requirements for planning, organisation, conducting and documenting the results of clinical trials of medicinal products for humans).

• *Do you have any legislation to prevent and address the risk of falsified medicine in the legal supply chain? Please provide information regarding the present status, alignment with EU legislation, or future alignment timetable with Directive 2011/62/EU and Delegated Regulation (EU) 2016/161.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

In addition to the report for 2023:

The Council of Europe Convention on Counterfeiting Medical Products and Similar Crimes Threatening Health Protection, according to which prevention threats to health protection and the fight against this phenomenon is carried out by:

- a) provision of criminalization of certain actions;
- b) protection of the rights of victims of crimes established in accordance with this Convention;
- c) encouragement of national and international cooperation;

In addition, Article 3211 of the Criminal Code of Ukraine in Ukraine provides for criminal liability for falsification of medicinal products or circulation of falsified medicinal products.

In addition, in order to prevent and counter the circulation of falsified medicinal products, the Law of Ukraine «On Medicinal Products» of 2022, which was developed in accordance with the provisions of the Directive 2001/83/EC of the European Parliament and of the Council of 6 November 2001 on the Community code relating to medicinal products for human use, also provides:

- the national system of verification of registered medicinal products;
- regulation of import, including parallel import of medicinal products;
- regulation of production, wholesale and retail trade of medicines;
- supervision by the regulatory body and sanctions against economic entities that do not comply with the requirements of the law.

In order to approach the legislation of the European Union in the field of preventing and combating the circulation of falsified medicinal products and for the purpose of effective prevention and combating the circulation of falsified medicinal products, the verification of medicinal products is implemented in Ukraine of the 2D coding system for medicines.

The Ministry of Health of Ukraine has developed a draft Resolution of the

Cabinet of Ministers of Ukraine «Some issues of safety and verification of medicinal products», which will approve:

- 1) Regulations on the national system of verification of medicinal products;
- 2) The procedure for applying safety measures to the packaging of the medicinal product and their use.

The mentioned draft Resolution of the Cabinet of Ministers of Ukraine was developed in accordance with the Commission Delegated Regulation (EU) 2016/161 of 2 October 2015 supplementing Directive 2001/83/EC of the European Parliament and of the Council by laying down detailed rules for the safety features appearing on the packaging of medicinal products for human use. The European Medicines Verification Organization (hereinafter EMVO) ensures the functioning of the European hub - a centralised data repository to which the national data repositories of the respective states are connected.

The draft resolution has been agreed with the interested ministries and departments, is under approval by The State Regulatory Service of Ukraine and will be sent to the Cabinet of Ministers of Ukraine.

• *How would you assess the expertise available in your country on paediatric medicinal products, medicinal products for the diagnosis, prevention or treatment of rare conditions (covered in the EU by the definition of orphan medicinal products), medical products based on genes (gene therapy), cells (cell therapy) and tissues (tissue engineering), vaccines, ATMP (Advanced Therapeutic Medicinal Products)?*

The Order of the Ministry of Health of Ukraine No. 264 of 16 February 2024 «Instruction. Quality, preclinical and clinical aspects of medicinal products containing genetically modified cells»;

The Order of the Ministry of Health of Ukraine No. 480 of 20 March 2024 «Instruction. Medicines. Classification of drugs of advanced therapy».

• *Which ministry(ies) supervise(s) the veterinary and human medicinal products?*

In accordance with the Regulation on the Ministry of Health of Ukraine, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 267 of 25 March 2015, the Ministry of Health of Ukraine is the main body in the system of central bodies of executive power, which ensures the formation and implementation of state policy in the field of health care that ensures the formation and implementation of state policy in the areas of providing the population with high-quality, effective and safe medicinal products, creation, production, quality control and sale of medicinal products, medical immunobiological preparations, circulation of narcotic drugs, psychotropic substances, their analogues and precursors, countermeasures their illegal circulation, as well as safe medical products and

cosmetic products.

The State Service of Ukraine on Medicines and Drugs Control is the central executive authority whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Health of Ukraine. The State Service of Ukraine on Medicines and Drugs Control was formed to ensure implementation of the state policy in the sphere of quality control and safety of medicines, including medical immunobiological medicines, medical equipment and medical products as well as circulation of narcotic drugs, psychotropic substances and precursors, counteractions to their illicit trafficking.

• Describe the structure and the size of the competent institution(s) responsible for the supervision of the manufacturing sites of finished products (FP), and active pharmaceutical ingredients (API) of human and veterinary medicines and their administrative capacity.

The State Service of Ukraine on Medicines and Drugs Control is the central body of the executive power, the activities of which are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Health, which implements state policy in the areas of quality control and safety of medicinal products, including medical immunobiological drugs.

In accordance with the Regulation on the State Service of Ukraine for Medicinal Products and Drug Control, approved by Resolution of the Cabinet of Ministers of Ukraine No. 647 of 12 August 2015, the main tasks of the State Medical Service, in particular, are:

- implementation of state policy in the areas of quality control and safety of medicinal products;
- licensing of economic activities for the production of medicinal products, import of medicinal products (except for active pharmaceutical ingredients), wholesale and retail trade of medicinal products;
- technical regulation in certain areas.

The State Accounting Service is headed by the Chairman, who is appointed and dismissed by the Cabinet of Ministers of Ukraine at the request of the Prime Minister of Ukraine based on the proposals of the Minister of Health. The head of the State Medical Service is ex officio the Chief State Inspector of Ukraine for Quality Control of Medicinal Products.

The State Medical Service includes:

- 1 department (Department of Quality Control of Medicinal Products and Blood);
- 4 departments (Department of Licensing of Medicines, Blood and Certification, Department of Wholesale and Retail Trade of Medicines, Department of State Regulation and Control in the Field of Trafficking in

Narcotic Drugs, Psychotropic Substances, Precursors and Combating Their Illegal Trafficking, Communications Department);

- 6 departments (Department of state market supervision of the circulation of medical devices, Department of legal support, Department of accounting and planning, Department of personnel management, Department of general administrative work, Department of database administration);
- 3 sectors (Quality System Management Sector, Resource Management Sector, Corruption Prevention and Detection Sector);
- 3 main specialists (Chief specialist in internal audit, Chief specialist in mobilisation work, Chief specialist in matters of organisation and implementation of the procurement/simplified procurement procedure).

The distribution of responsibilities is carried out in accordance with the order of the State Accounting Service dated August 31, 2023 No. 977 «On approval of the distribution of duties and powers between the Chairman and the Deputy Chairman of the State Accounting Service».

The Department of Licensing for the Production of Medicinal Products, Blood and Certification, headed by the Head of the Department, includes:

- Department of Licensing of Production of Medicinal Products, Blood and Certification for International Trade (3 employees);
- Department for monitoring compliance with licensing conditions for the production of medicinal products and blood (3 employees);
- Department of certification of production of medicinal products (4 employees).

• Describe the structure and the size of the competent institution(s) responsible for the supervision of the wholesale distributor and brokers of finished products (FP) and active pharmaceutical ingredients (API) of human and veterinary medicines and their administrative capacity.

The State Service of Ukraine on Medicines and Drugs Control is the central body of the executive power, the activities of which are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Health of Ukraine, which implements state policy in the areas of quality control and safety of medicinal products, including medical immunobiological drugs.

In accordance with the Regulation on the State Service of Ukraine on Medicines and Drugs Control, approved by a Resolution of the Cabinet of Ministers of Ukraine No. 647 of 12 August 2015 the main tasks of the SMDC, in particular, are:

- implementation of state policy in the areas of quality control and safety of medicinal products;

- licensing of economic activities for the production of medicinal products, import of medicinal products (except for active pharmaceutical ingredients), wholesale and retail trade of medicinal products;
- technical regulation in certain areas.

The State Accounting Service is headed by the Chairman, who is appointed and dismissed by the Cabinet of Ministers of Ukraine at the request of the Prime Minister of Ukraine based on the proposals of the Minister of Health. The head of the State Medical Service is ex officio the Chief State Inspector of Ukraine for Quality Control of Medicinal Products.

The State Medical Service includes:

- 1 Department (Department of Quality Control of Medicinal Products and Blood);
- 4 Departments (Department of Licensing of Medicines, Blood and Certification, Department of Wholesale and Retail Trade of Medicines, Department of State Regulation and Control in the Field of Trafficking in Narcotic Drugs, Psychotropic Substances, Precursors and Combating Their Illegal Trafficking, Communications Department);
- 6 Departments (Department of state market supervision of the circulation of medical devices, Department of legal support, Department of accounting and planning, Department of personnel management, Department of general administrative work, Department of database administration);
- 3 Sectors (Quality System Management Sector, Resource Management Sector, Corruption Prevention and Detection Sector);
- 3 main specialists (Chief specialist in internal audit, Chief specialist in mobilisation work, Chief specialist in matters of organisation and implementation of the procurement/simplified procurement procedure).

The distribution of responsibilities is carried out in accordance with the Order of the State Accounting Service No. 977 of 31 August 2023 «On approval of the distribution of duties and powers between the Chairman and the Deputy Chairman of the State Accounting Service».

The Department of Licensing for the Production of Medicinal Products, Blood and Certification, headed by the Head of the Department, includes:

- Department of Licensing of Production of Medicinal Products, Blood and Certification for International Trade (3 employees);
- Department for monitoring compliance with licensing conditions for the production of medicinal products and blood (3 employees);
- Department of certification of production of medicinal products (4 employees).

• How many inspections of pharmaceutical companies manufacturing FP located on the national territory have there been in the previous three years?

60.

• Describe the structure and the size of the competent institution(s) responsible for authorisation of human and veterinary medicines and their administrative capacity.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• How many inspections of pharmaceutical companies manufacturing Investigational Medicinal Products (IMP) located on the national territory have there been in the previous three years?

0.

• How many inspections of pharmaceutical companies manufacturing API located on the national territory have there been in the previous three years?

24.

• How many inspections of pharmaceutical companies manufacturing FP located outside of the national territory have there been in the previous three years?

19.

• How many inspections of pharmaceutical companies manufacturing Investigational Medicinal Products (IMP) located outside the national territory have there been in the previous three years?

0.

• How many inspections of pharmaceutical companies manufacturing API located outside of the national territory have there been in the previous three years?

0.

• How many inspections of wholesale distributors located on the national territory have there been in the previous three years?

175.

● ***Please provide an update on IPA projects and TAIEX workshops (if any), including planned ones.***

At the meeting of the Working Group on Coordination of the Implementation of the Twinning and TAIEX Instrument, which took place on 21 February 2024, the 2024 Plan for attracting foreign aid of the European Commission within the framework of TAIEX was considered and approved. To the Ministry of Health of Ukraine:

- a series of technical regulation measures regarding medical devices and in vitro diagnostic medical devices were agreed within the framework of TAIEX;
- within the framework of TAIEX, a series of measures on technical regulation of cosmetic products were agreed;
- the Twinning project proposal «Assistance in the creation of the State Control Body in the sphere of circulation of medicines and other medical products» was considered and approved.
- Today, the Ministry of Health of Ukraine processes and fills in:
 - appropriate TAIEX application forms for a series of measures on technical regulation of medical devices and in vitro diagnostic medical devices and a series of measures on technical regulation of cosmetic products;
 - the technical task of the project Twinning (Twinning Fiche) «Assistance in the creation of the State Control Body in the sphere of circulation of medicines and other medical products» is being developed.

Cosmetics

● ***Is there any national legislation relating to cosmetics, and if so, is it aligned with Regulation (EC) No 1223/2009? (Please provide extra details with regard to this question, as necessary).***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Medical devices

● ***To what extent is national legislation aligned with the EU acquis in the area of medical devices (i.e., Regulation (EU) 2017/745 on medical devices and Regulation (EU) 2017/746 on in vitro diagnostic medical devices)?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***If not: is there any national legislation regulating the assessment of***

medical devices control prior to their placing on the market and the (post-market) surveillance in respect to their safety and performance?

The current technical regulations provide for the implementation of post-marketing surveillance, in particular, in the process of updating the clinical evaluation.

In Ukraine, the technical regulation on medical devices was adopted, approved by the Resolution of the Cabinet of Ministers of Ukraine through No. 753 of 2 October 2013. This regulation was developed based on the Council Directive 93/42/EEC of 14 June 1993 concerning medical devices. Additionally, the Technical Regulation on in vitro diagnostic medical devices was approved by Resolution of the Cabinet of Ministers of Ukraine No. 754 of 2 October 2013, which was based on Directive 98/79/EC of the European Parliament and of the Council of October 27, 1998, regarding in vitro diagnostic medical devices. Furthermore, the Technical Regulation on active implantable medical devices, approved by Resolution of the Cabinet of Ministers of Ukraine No. 755 of 2 October 2013, was developed following the Council Directive 90/385/EEC of 20 June 1990 on the approximation of the laws of the Member States relating to active implantable medical devices.

Current efforts are focused on the implementation of technical regulations developed from EU documents:

- Regulation (EU) 2017/745 of the European Parliament and of the Council of 5 April 2017 on medical devices, amending Directive 2001/83/EC, Regulation (EC) No 178/2002 and Regulation (EC) No 1223/2009 and repealing Council Directives 90/385/EEC and 93/42/EEC.

- Regulation (EU) 2017/746 of the European Parliament and of the Council of 5 April 2017 on in vitro diagnostic medical devices and repealing Directive 98/79/EC and Commission Decision 2010/227/EU.

• Does national legislation require medical devices to be CE marked in accordance with EU legislation? If not: are CE-marked devices allowed/recognised in the national market?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Is there an authority(ies) in charge of controlling the safety and performance of medical devices/in vitro diagnostic medical devices and respective economics operators? If yes: which powers and resources does it have? If not: are there plans to establish it?

The Law of Ukraine «On State Market Supervision and Control of Non-Food Products» establishes the legal and organisational principles for state market supervision and control of non-food products.

By Resolution of the Cabinet of Ministers of Ukraine No. 1069 of 28 December 2016 «On approval of the list of types of products for which state market surveillance bodies carry out state market surveillance» the State Service of Ukraine on Medicines and Drug Control (SMDC) is designated as the market surveillance body for medical devices and their auxiliaries, active implantable medical devices and medical devices for in vitro diagnostics and their auxiliaries.

As part of the SMDC, the Department of State Market Supervision of the Circulation of Medical Products was created and operates, the main functions of which are:

- ensuring the implementation of the state policy of state market supervision in the field of medical devices;

- development of projects of normative legal acts and regulatory documents on issues of state market supervision;

- development of sectoral plans of state market supervision, implementation of monitoring and revision of such plans;

- consideration of proposals, requests, complaints, statements, appeals, messages from consumers (users), as well as executive authorities, law enforcement agencies, executive bodies of local councils, non-governmental organisations of consumers (consumer associations) on issues within the competence of the Department;

- monitoring the causes and number of appeals from consumers (users) about the protection of their right to the safety of medical products and bio-implants, the causes and number of accidents and cases of harm to people's health as a result of their consumption (use);

- ensuring maintenance of the Register of persons responsible for the introduction of medical devices, active medical devices that are implanted, and medical devices for in vitro diagnostics into circulation, the Register of manufacturers and authorised representatives responsible for the introduction of bio-implants into circulation; Journal of accounting of information received by the State Accounting Service from conformity assessment bodies; Journal of accounting of consumer (user) appeals, on protection of their right to the safety of medical products;

- ensuring the storage of the State Register of medical equipment and medical products;

- participation in checking the characteristics of medical products and bio-implants, including the selection of their samples for their examination (testing);

- participation in the preparation and implementation of proposals on international cooperation, participation in relevant international and national conferences;

- maintenance of the national information system of state market supervision and the system of operational mutual notification;

- monitoring of information received from foreign notification systems about medical products that pose a serious risk;
- implementation of monitoring of the actions of economic entities regarding withdrawal from circulation and/or recall of medical devices and bio-implants, in respect of which a decision to withdraw from circulation and/or recall was made;
- timely warning of consumers (users) about the detected danger posed by medical products and bio-implants;
- establishment of cooperation with economic entities regarding the prevention or reduction of risks posed by medical products and bio-implants provided by these economic entities on the market;
- development and introduction in the prescribed manner of proposals for revising the requirements established in the technical regulations, if they do not provide an adequate level of protection of public interests;
- consideration of documents for the purpose of making a decision regarding the possibility of conducting clinical studies of medical devices and active medical devices that are implanted, in accordance with the requirements of technical regulations and other regulatory and legal acts.

Information on anti-corruption mainstreaming

Chapter 28 - Consumer and health: Procurement of pharmaceuticals and medical supplies, distribution and storage of drugs, health budgets, accountability of health insurance schemes.

According to clause 3.7. Health care, education and science and social protection of the Anti-corruption strategy for 2021-2025, approved by the Law of Ukraine «On the principles of state anti-corruption policy for 2021-2025», patients and doctors do not receive medicines and medical products on time and in full, in particular due to the incomplete transition to the new system of organisation and control of medical purchases, the processes of determining needs and accounting for medicinal products are not fully regulated.

The Order of the Ministry of Health of Ukraine No. 1645 of 18 September 2023 «On approval of the Anti-corruption program of the Ministry of Health of Ukraine for 2023-2024» approved the corresponding Anti-corruption program, Measures for the implementation of the State anti-corruption program for 2023-2025, and the training program on anti-corruption topics in the Ministry of Health Protection of Ukraine, as well as the Register of Risks (includes the results of identification of corruption risks, levels of the probability of consequences and levels of corruption risks, as well as measures to influence corruption risks).

The anti-corruption program of the Ministry of Health of Ukraine is developed in accordance with the Law of Ukraine «On Prevention of Corruption» (as amended), in accordance with the Methodology of Corruption Risk Management,

approved by the order of the National Agency on Corruption Prevention and the Order of the Ministry of Health of Ukraine On the Evaluation of Corruption Risks in the Activities of the Ministry of Health of Ukraine.

The following measures are taken to implement the principles of the policy on preventing and countering corruption in the sphere of activity of the Ministry of Health of Ukraine:

1) providing advice to employees of the Ministry of Health of Ukraine and subordinate structures regarding compliance with the requirements of the legislation on ethical behaviour, prevention and settlement of conflicts of interest, other requirements, restrictions and prohibitions stipulated by the Law of Ukraine;

2) control over the implementation by employees of the Ministry of Health of Ukraine and subordinate structures of legislation on ethical behaviour, prevention and settlement of conflicts of interest, other requirements, restrictions and prohibitions provided for by the Law of Ukraine in order to prevent the commission of corruption offences or offences related to corruption;

3) taking measures to identify and resolve conflicts of interest;

4) ensuring quality selection of personnel on the basis of transparency and unbiased competitive selection;

5) carrying out a special inspection of candidates for the positions of persons;

6) control over the state of submission of declarations of persons authorised to perform state functions by civil servants of the Ministry of Health;

7) organisation of official investigations;

8) identification of risks that have a negative impact on the functions of performing tasks in the Ministry of Health of Ukraine;

9) control over compliance with anti-corruption legislation, including by working out projects of regulatory and organisational and administrative acts of the Ministry of Health of Ukraine regarding the presence of corruption risks and compliance with legislation;

10) verification of information contained in notifications about violations of the requirements of the Law of Ukraine;

11) involvement of the public in the formation and implementation of the general departmental policy on prevention of corruption, interaction of the Ministry of Health of Ukraine with institutions of civil society;

12) providing the public and industry experts with access to important information that should be published as part of the openness of the Ministry of Health of Ukraine;

13) review and implementation of new anti-corruption mechanisms;

14) ensuring open access to public information and compliance with the principles of transparency in public coverage of information on the official website

of the Ministry of Health of Ukraine;

15) ensuring the confidentiality of information about persons who in good faith report possible facts of corruption or corruption-related offences, or facts of inciting them to commit corruption offences;

16) implementation of the anti-corruption program of the Ministry of Health of Ukraine and its periodic revision taking into account the identified risks.

In addition to the measures of a general nature mentioned above, the Anti-corruption Program defines the thematic Measures for the implementation of the State Anti-Corruption Program for 2023-2025 (approved by the Resolution of the Cabinet of Ministers of Ukraine No. 220 of 4 March 2023) in the following areas.

I. Purchase of pharmaceuticals and medical products, distribution and storage of drugs

1. Development of the NPA project, according to which local customers in the field of health care (healthcare institutions, health care structural units of the regional and Kyiv city state administrations) purchase a specified list of medicines and medical products using electronic directory.

Execution status:

done the draft Resolution of the Cabinet of Ministers of Ukraine No. 686 of 7 July 2023 «On making changes to the specifics of public procurement of goods, works and services for customers, provided for by the Law of Ukraine «On Public Procurement», for the period of the legal regime of martial law in Ukraine and within 90 days from the day of its termination or cancellation».

2. Ensuring the conduct of an analytical study on the assessment of corruption risks during the procurement of medicines and medical products caused by the pandemic or carried out during the pandemic, with statistical, economic and other data, as well as relevant proposals for the prevention of identified corruption risks, as well as regarding increasing the transparency and efficiency of the specified procurement procedures, as well as the presentation of the report.

Execution status:

done an analytical study was conducted and a report based on its results was prepared, which was published on the official website of the Ministry of Health in the Analytical Reports section at <https://moz.gov.ua/analitichni-zviti> and in the Prevention of Corruption section at <https://moz.gov.ua>.

Also, on the official website of the Ministry of Health in the section «Announcements and announcements», at the link - (<https://moz.gov.ua/article/announcements/zaproshehennja-priednatisja-do-obgovorennja-analitichnogo-zvitu>) an invitation to join the discussion of the analytical report has been published representatives of state authorities, non-governmental organisations, international organisations, international technical assistance projects, the scientific community. Based on the results of the public discussion of comments and proposals to the analytical report on the assessment of

corruption risks during the procurement of medicines and medical devices caused by the pandemic or carried out during the pandemic, did not come in. The report on the results of the public discussion was published on the official website of the Ministry of Health in the «Public discussion» section.

3. Development and submission to the Cabinet of Ministers of Ukraine of a draft Law of Ukraine on amendments to the Fundamentals of Ukrainian legislation on healthcare, which defines:

1) a list of prohibited forms of interaction of medical workers, healthcare institutions with business entities that manufacture and/or buying medicinal products, medical products, auxiliary means of rehabilitation, their representatives (in particular: prohibition of receiving medical by employees and healthcare institutions for the purpose of promoting samples of medicines, medical products, souvenir and branded products of pharmaceutical companies; prohibition of introduction of loyalty programs for doctors by pharmaceutical companies);

2) ethical principles that must be observed by medical workers when prescribing medicines and medical products to patients;

3) that for violation of restrictions on the forms of interaction of medical workers with business entities that manufacture and/or buying medicines, medical products, auxiliary means of rehabilitation, medical workers bear disciplinary and administrative responsibility (according to Article 442 of the Code of Ukraine on Administrative Offences).

Execution status:

done a project of the Law of Ukraine «On Amendments to the Fundamentals of the Legislation of Ukraine on Health Protection on Improving Restrictions for Medical, Pharmaceutical Workers and Rehabilitation Specialists During Their Professional Activities» has been developed.

The draft Law of Ukraine was approved at the government meeting on 24 November 2023 and registered by the Verkhovna Rada of Ukraine No. 10293 of 27 November 2023. On 18 December 2023, at a meeting of the Committee of the Verkhovna Rada of Ukraine on national health, medical care and medical insurance, the draft law was adopted as a basis.

4. Development of an online course for persons engaged in medical or pharmaceutical activities regarding the new rules of interaction between pharmaceutical companies and medical professionals.

Execution status:

Executed The development of an online course for persons engaged in medical or pharmaceutical activities regarding the new rules of interaction between pharmaceutical companies and medical workers will begin after the adoption by the Verkhovna Rada of Ukraine of the draft Law of Ukraine «On Amendments to the Fundamentals of the Legislation of Ukraine on Health Protection on Improving Restrictions for of medical, pharmaceutical workers and rehabilitation specialists

during their professional activities» (hereinafter referred to as the draft law).

As of 14 February 2024, the draft Law of Ukraine was approved at the government meeting on 24 November 2023 and registered by the Verkhovna Rada of Ukraine No. 10293 of 27 November 2023. On 18 December 2023, at a meeting of the Committee of the Verkhovna Rada of Ukraine on national health, medical care and medical insurance, the draft Law of Ukraine was adopted as a basis.

5. Development of the NPA on the introduction of the electronic system of accounting and management of stocks of medicines and medical products «e-Stock».

Execution status:

Executed from 2 January 2023 to 1 January 2025, an experimental project on the implementation and operation of the electronic system for managing stocks of medicines and medical products «e-Stock» will be implemented (Order of the Cabinet of Ministers of Ukraine No. 1483 of 30 December 2022, as amended in accordance with with the resolution of the Cabinet of Ministers of Ukraine No. 1383 of 27 Desember 2023). The main tasks of the specified system are to establish organisational foundations for improving the management of stocks of medicines and medical devices and improving the process of monitoring drug residues in hospitals and ensuring the availability of information about medicines for patients. According to the results of the implementation of the experimental project, the Ministry of Health of Ukraine will submit to the Cabinet of Ministers of Ukraine of 15 January 2025, a report on the results of the implementation of the experimental project and proposals for improving the legislation on the functioning of the electronic system for managing stocks of medicines and medical devices «e-Stock».

6. Development and approval of the technical task for the functionality of the electronic system of accounting and management of stocks of medicines and medical devices.

Execution status:

Executed

1) TV was developed for the «Accounting» module of e-Stock, which covers the processes of work and obtaining data on the availability of medicines and medical devices (hereinafter referred to as drugs/medical devices) in health care facilities, which are fully or partially financed from the state/local budgets; about the need for medical equipment/medical equipment in health care facilities that are fully or partially financed from the state/local budgets; on the use and disposal of medicines and medical products in health care facilities.

2) The development of the «Need» module has been completed, which allows for an operational, direct and transparent procedure for determining the volume of the need for the purchase of pharmaceuticals by health care facilities and institutions that are fully or partially financed from the state budget.

3) Procurement of the development of the e-Stock module «Purchasing» for integration with centralized procurement procedures of LZ/MV was carried out at

the expense of the state budget.

7. Development of a software project to expand the functionality of the electronic accounting system and manage stocks of medicines and medical products.

Execution status:

Executed

1) The development of the second e-Stock module has been completed, and at the moment the pilot launch of this module is actively underway.

2) Approval of the third e-Stock module, the main task of which is the management of logistics operations, aimed at optimising the processes of delivery and distribution of medicines and medical devices. A package of documents has been prepared for agreement with the donor organisation regarding the tender announcement

8. Implementation of the functionality of the electronic accounting system and management of stocks of medicines and medical devices.

Execution status:

Executed the development is an experimental project, as stipulated by the Resolution of the Cabinet of Ministers of Ukraine, and the term of the experiment has been extended until January 2025.

The introduction of the first modules of the electronic system of accounting and management of stocks of medicines and medical devices into test operation was successful. Major achievements include the development of the procurement module, integration with Prozzoro and the implementation of the crypto-service, notification and service document modules. These steps are key to creating an effective system for managing medical supplies and products for health care facilities, which will include a full cycle of interaction with recipients of medical products, from collection and validation of the need, to tracking the levels of consumption of the received product, within the framework of the implementation of centralised programs Ministry of Health of Ukraine.

9. Determination of the procedure for identifying and settling the conflict of interests of the members of the Advisory bodies of the Ministry of Health of Ukraine.

Execution status:

done The Order of the Ministry of Health of Ukraine No. 2168 of 21 December 2023 «On Amendments to the Model Regulation on the Formation and Activity of Advisory, Advisory and Other Auxiliary Bodies under the Ministry of Health of Ukraine» approved by the Order of the Ministry of Health of Ukraine No. 202 of 1 February 2022 «On the formation and activity of advisory, advisory and other auxiliary bodies formed under the Ministry of Health of Ukraine» was developed and approved of the year, in terms of defining the types of Advisory bodies, their main tasks, and the procedure for identifying and settling conflicts of interests of members of Advisory bodies.

10. The creation of the supervisory board of the State Enterprise «Medical Procurement of Ukraine» is at the implementation stage.

II. Health care budgets,

1. Resolution of the Cabinet of Ministers of Ukraine No. 641 of 24 June 2023 «On Amendments to Certain Resolutions of the Cabinet of Ministers of Ukraine Regarding the Functioning of the Electronic Health Care System» was approved, which determined that information from the electronic health care system is the main source of information about the provided medical services in Ukraine, on the basis of which decisions are made regarding the calculation of the medical guarantee program, management decisions, the necessary statistics are formed.

III. Accountability of health insurance schemes

1. Order of the Ministry of Health of Ukraine No. 1248 of 10 July 2023 on the approval of criteria for health care institutions of foreign countries for the treatment of citizens of Ukraine abroad was approved.

2. Interaction and compatibility of the electronic health care system with other state registers (demographic, etc.) is ensured;

In addition, own anti-corruption programs have been approved by the State Service of Ukraine for Medicinal Products and Drug Control and the National Health Service of Ukraine. In particular, in April 2023, the NSZU approved the Anti-Corruption Program for the next 2 years. It was developed taking into account the principles of the state anti-corruption policy defined in the Anti-Corruption Strategy for 2021-2025 and the measures for its implementation provided for in the State Anti-Corruption Program for 2023-2025.

In Ukraine, the Anti-Corruption Strategy for 2021-2025 has been adopted, which is being implemented through the State Anti-Corruption Programme for 2023-2025. Healthcare is designated as one of the priority areas of the Anti-Corruption Strategy and the Programme. A separate direction of the Programme - 2.7. Healthcare, Education, Science, and Social Security, identifies the following key problems in this sector:

1. Problem 2.7.1. Patients and doctors do not receive medications and medical devices in a timely manner and in full, in particular due to the incomplete transition to the new system of organisation and control of medical procurement, and the incomplete regulation of the processes of identifying the needs for and accounting of medications.

2. Problem 2.7.2. Patients are unable to receive medical treatment abroad or medical care with the use of transplants, due to corrupt practices caused by insufficiently regulated procedures and non-transparent accounting.

3. Problem 2.7.3. The electronic healthcare system is not sufficiently integrated with other databases, which creates opportunities for abuse during the use of specific functions (including the awarding of disability benefits, preventive and compulsory medical examinations, and assignment of the disability group).

4. Problem 2.7.4. Insufficiently transparent recruitment procedures at healthcare institutions hinder competition and create opportunities for manifestations of corruption in appointments to such positions.

To address the specified problems, the State Anti-Corruption Programme for 2023-2025 includes 68 measures. The content of these measures and information on the progress of their implementation as of 31 December 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/direction/13/>.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ tobacco control

On 11 January 2024, new regulations on the labeling of tobacco products came into force, as provided for by Law of Ukraine No. 1978-IX. An increase in the area of medical warnings to 65% was introduced. In the summer, the Ministry of Justice of Ukraine approved 14 sets of health warnings (text and illustration options) developed by the Ministry of Health of Ukraine, technical requirements for the design and form of labeling, and the procedure for applying warnings by tobacco manufacturers. This is an important stage in the implementation of Directive 2014/40/EU, which provides for a set of measures to protect the public from the harm of tobacco products and e-cigarettes.

Law of Ukraine No. 3173-IX of 29 June 2023 introducing electronic traceability of tobacco products (to be enacted on 01 January 2026).

→ the WHO Protocol on the Elimination of Illicit Tobacco Trade has not been ratified

Ukraine has ratified the WHO Framework Convention on Tobacco Control (FCTC), and the Ministry of Health of Ukraine has drafted a law on Ukraine's accession to the Protocol to Eliminate Illicit Trade in Tobacco Products, which is expected to be adopted in 2024.

During the reporting period, the following steps were taken in Ukraine to implement the FCTC provisions:

On 11 July 2023, the ban on advertising of electronic smoking devices and the sale of e-cigarettes and e-liquids with aromatic and flavor additives came into force.

→ continue to harmonise the legislation of Ukraine with the acts of EU law in the part of the harmonised sectoral legislation of medical devices

As of 01 April 2024, the preparation of the draft Resolution of the Cabinet of Ministers of Ukraine «On the approval of the Technical Regulation on medical devices» and the formation of a package of documents in accordance with the Rules for the development of draft technical regulations approved by the Cabinet of Ministers of Ukraine, based on the acts of the European Union, approved by the Resolution of the Cabinet of Ministers of Ukraine dated No. 708 of 18 June 2012:

- medical devices (Regulation (EC) 2017/745 of the European Parliament and the Council of April 5, 2017 on medical devices, amending Directive 2001/83/EC, Regulation (EC) No. 178/2002 and Regulation (EC) No. 1223/ 2009 and repeals Council Directives 90/385/EEC and 93/42/EEC);

- medical devices for in vitro diagnostics (Regulation (EU) 2017/746 of the European Parliament and the Council of April 5, 2017 on in vitro diagnostic medical devices and repealing Directive 98/79/EC and Commission Decision 2010/227/EC).

The draft Law of Ukraine «On medical devices and medical devices for in vitro diagnostics» is being finalised taking into account the opinion of the Committee of the Verkhovna Rada of Ukraine on Ukraine's integration into the European Union.

→ restore the inspection and law enforcement capacity of market surveillance bodies

The Government has adopted Resolution of the Cabinet of Ministers of Ukraine No. 261 of 8 March 2024 «On Amending Resolutions of the Cabinet of Ministers of Ukraine No. 303 of 13 March 2022 and No. 550 of 3 May 2022,» which already entered into force on 12 March .

In accordance with these changes, in particular, it is allowed to renew unscheduled inspections of product characteristics in accordance with the requirements established in the technical regulations for medical devices. So the inspections of the State Service of Ukraine on Medicines and Drugs Control are extended to medical devices, medical devices for in vitro diagnostics, active medical devices that are implanted, and bio-implants.

→ develop legislation for epidemic preparedness and response plan

To improve the system of early warning and response to infectious diseases and cross-border threats was developed and approved.

The Order of the Ministry of Health of Ukraine No. 2172 of 21 Desember 2023 «Emergency Response Plan of the Ministry of Health of Ukraine in the Field of Medical Protection of the Population and Sanitary and Epidemiological Welfare of

the Population», which defines the system.

The Resolution of the Cabinet of Ministers of Ukraine No. 266 of 8 March 2024 «On Approval of the Procedure for Informing the Population on Biological Safety and Biological Protection».

Amendments were made to the action plan for the implementation of the Strategy for Biological Safety and Biological Protection based on the «One Health» principle for the period up to 2025, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 1416-r of November 27, 2019 «On Approval of the Strategy for Biological Safety and Biological Protection based on the «One Health» principle for the period up to 2025 and Approval of the Action Plan for its Implementation».

→ vaccination coverage remains well below WHO global recommendations

In 2023, the vaccination coverage of newborns in obstetric facilities against hepatitis B in the first day of life is only 58,6%.

The level of vaccination coverage of children under the age of one against hepatitis B-3 is 79,2%.

75,1% of newborns were vaccinated against tuberculosis on the 3rd day of life in the country's maternity care facilities.

The fourth DTP vaccination covered 82,7% of 18-month-olds.

Coverage of preventive vaccinations against diphtheria and tetanus in 2023 among children aged 6 years was 70,9%.

The coverage rate of vaccinations against hemophilic infection among children aged 1 years of age is 78,2%.

Polio vaccination coverage in 2023 among children under the age of under one year of age is 84,9%.

Vaccination of children against measles, mumps and rubella in 2023 has the highest coverage rates among all antigens provided for in the by the Immunization Schedule.

On June 1, 2023, the Cabinet of Ministers of Ukraine approved the Strategy for the Development of Immunoprophylaxis and Protection of the Population from Infectious Diseases Preventable by Immunization for the period up to 2030 and the approval of its operational implementation plan for 2023-2025. This strategy includes conducting a comprehensive review and harmonisation of legal acts regulating immunoprophylaxis with international standards.

To increase the coverage of children and adults with preventive vaccinations in healthcare facilities, vaccinations are provided without the need for a signed declaration of medical service. In vaccination points and vaccination centres, alternatives regarding the choice of COVID-19 vaccines are offered. The continuous

operation of vaccination points and centres (where the situation permits) is organised in the absence of or with interruptions in electricity supply and Internet access, by connecting them to independent power sources. An «Action Algorithm for Vaccination Management to Comply with ‘Cold Chain’ Requirements in Conditions of Potential Electricity Supply Interruptions» has been implemented. Public awareness campaigns on the importance of immunoprophylaxis and the dangers of interrupting immunisation, particularly explaining the risks of spreading infectious diseases preventable by immunisation, are conducted. In collaboration with national and international experts, systematic work is carried out to train and improve the qualifications of medical personnel regarding the implementation of immunoprophylaxis measures.

→ a national health security action plan should be adopted to help eliminate threats of biological, chemical, environmental and unknown origin

The Order of the Ministry of Health of Ukraine No. 2172 of 21 December 2023 «Emergency Response Plan of the Ministry of Health of Ukraine in the Field of Medical Protection of the Population and Sanitary and Epidemiological Welfare of the Population» was developed and approved, which defines the system.

→ a national antimicrobial resistance action plan for 2023-2025 should be developed and interoperability between the health and veterinary sectors on antimicrobial resistance should be ensured and overall preparedness and response planning should be improved

In connection with the implementation of the National Action Plan for Combating Antimicrobial Resistance, the State Strategy for Combating Antimicrobial Resistance until 2030 and the Operational Plan for its implementation were developed.

→ partial harmonization on communicable, non-communicable diseases and cross-border threats

On 6 September 2022, Ukraine took an important step in the field of public health by adopting the Law of Ukraine No. 2573-IX of 06 September 2022 «On the Public Health System». This law paves the way for improving the system of response to emergencies, including those with a risk of cross-border spread related to public health, and creates a framework for improving medical protection of the population and sanitary and epidemiological well-being of the population.

To implement this law, active work is underway to develop a public health emergency response system.

On December 06, 2022, the Order of the Ministry of Health of Ukraine No. 2213 approved the «Regulation on the Functional Subsystem of Ensuring Sanitary and Epidemiological Welfare of the Population of the Unified State Civil Protection System». The Regulation on the Functional Subsystem of Medical Protection of the Population, approved by Order of the Ministry of Health of Ukraine No. 542 of 23 March 2023, was also updated. Work is underway to develop a joint notification tool between functional subsystems during emergency response and elimination of its consequences.

Order of the Ministry of Health of Ukraine No. 2172 of 21 December 2023 «Emergency Response Plan of the Ministry of Health of Ukraine in the Field of Medical Protection of the Population and Sanitary and Epidemiological Welfare of the Population» was developed and approved, which defines the system.

The Resolution of the Cabinet of Ministers of Ukraine No. 266 of 8 March 2024 «On Approval of the Procedure for Informing the Public on Biological Safety and Biological Protection» was developed and approved.

Amendments were made to the action plan for the implementation of the Strategy for Biological Safety and Biological Protection based on the «One Health» principle for the period up to 2025, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 1416-r of 27 November 2019 «On Approval of the Strategy for Biological Safety and Biological Protection based on the «One Health» principle for the period up to 2025 and Approval of the Action Plan for its Implementation».

Rapid Response Teams (RRTs) have been formed on the basis of 25 Centers for Disease Control and Prevention, including in border regions, to provide response measures to public health emergencies: radiation surveillance and dosimetric control groups, chemical surveillance and control groups, epidemiological surveillance and control groups, disinfection teams, and mobile laboratories. Work is currently underway to develop unified approaches to responding to public health emergencies.

In addition, sanitary and quarantine departments have been established and are operating on the basis of regional centres for disease control and prevention, which, among other things, are responsible for preventing the cross-border introduction and spread of infectious diseases in Ukraine.

The response is based on best practices, including those of the European Center for Disease Prevention and Control, including the concept of the Public Health Emergency Operations Center (EOC) and the risk assessment concept used daily in the EOC's work. The best European practices for responding to the COVID-19 pandemic were also used in terms of response measures.

Ukraine has implemented the International Health Regulations 2005 (third edition) by introducing the «Rules for the Sanitary Protection of the Territory of Ukraine» in Ukraine. In order to harmonise public health legislation with European legislation, amendments to the Rules of Sanitary Protection of the Territory of Ukraine have been developed, the draft of which is currently undergoing the appropriate approval procedure.

On 9 April 2020, the Public Health Center was designated as the National Coordinator of the International Health Regulations 2005 by Order of the Ministry of Health of Ukraine No. 822. Active work is underway to inform the WHO Eurobureau and neighbouring countries that are parties to the International Health Regulations on emergencies of international concern.

Also the «Regulation on Information Exchange between Sanitary Quarantine Units, State Border Checkpoints and Health Care Facilities in Response to a Biomedical Emergency» was developed.

It is necessary to strengthen the monitoring of a healthy lifestyle and prevention of diseases of the population/

In 2023, Ukraine implemented a series of initiatives aimed at improving the state of school nutrition and promoting healthy eating habits among the younger generation. The Strategy for the Reform of the School Nutrition System for 2023-2027 was approved, which includes the modernization of food units, training in culinary skills according to the principles of healthy eating, and ensuring access to quality nutrition for all student categories. The introduction of new models of nutrition organisation (base kitchen, support kitchen, kitchen-factory) and the development of culinary hubs demonstrate the practical application of innovative approaches in this area. These measures are aimed at forming the foundations of a healthy lifestyle from childhood and reducing the risk of developing dietary and other lifestyle-related diseases.

Monitoring rules for non-communicable diseases are inconsistent with global rules:

there is no cancer screening in the early stages (except for 6 programs);

there is no monitoring for early detection of cervical and breast cancer

In December 2023, the National Security and Defense Council of Ukraine adopted a decision «On the Prevention, Early Diagnosis, and Treatment of Malignant Neoplasms,» which includes, among other measures:

- Implementing early diagnosis programs for specified types of malignant neoplasms based on scientifically justified recommendations;

- Establishing a system for monitoring early diagnosis indicators of malignant neoplasms according to scientifically justified recommendations and the long-term outcomes of treating malignant neoplasms in adults and children, prioritizing tasks the duration and quality of the patient's life;

- A comprehensive set of measures to inform the public about the need to participate in malignant neoplasm screening programs and self-examination to facilitate the early diagnosis of malignant neoplasms, including through a relevant

mobile application.

In response to this NSDC decision, the Ministry of Health of Ukraine has developed a draft Resolution of the Cabinet of Ministers of Ukraine «On Approving the National Strategy for the Control of Malignant Neoplasms for the period up to 2030 and Endorsing the Action Plan for the Implementation of the National Strategy for the Control of Malignant Neoplasms up to 2025».

The National Cancer Registry in Ukraine has been operational since 1953. It was established as part of the USSR system for registering cancer incidence but has evolved and adapted to the needs of independent Ukraine over time. The modern structure and operating principles of the National Cancer Registry continue to develop, meeting international standards for the collection, analysis, and use of data on oncological diseases.

Limited access to healthcare for illegal migrants and asylum seekers.

Resolution of the Cabinet of Ministers of Ukraine No. 121 of 19 March 2014 stipulates that foreigners and stateless persons who have applied for or in respect of whom a decision has been made to process documents for recognition as a refugee or a person in need of additional protection shall be provided free of charge (at the expense of the state budget) medical examination and provision of emergency medical assistance.

After they acquire the status of a refugee or a person in need of additional protection, they enjoy all the rights provided for citizens of Ukraine (according to Article 4 of the Law of Ukraine «On State Financial Guarantees of Medical Services of the Population»).

In this way, the actual restrictions on access apply only to persons whose recognition as refugees is pending.

As an element of solving this problem, in 2023 this Law was amended to provide for the possibility of providing free medical care to people who are sick with tuberculosis and are foreigners or stateless persons, regardless of the reason for the stay of such persons in the territory of Ukraine and the presence of documents that certify the identity in accordance with the procedure established by the Ministry of Health.

It should be accented that currently illegal migration and seeking asylum in Ukraine is at a low level due to objective reasons. So, according to the data of the State Migration Service of Ukraine, in 2023, 130 persons applied to the authorities of the migration service with an application to be recognized as a refugee or a person in need of additional protection, and 486 persons of illegal migrants were placed in points of temporary stay in Ukraine.

The legislation of Ukraine does not provide for automatic reimbursement of the cost of medical services for treatment received abroad.

The requirement for automatic reimbursement of the cost of medical services for treatment is established by Directive 2011/24/EU of the European Parliament and of the Council of 9 March 2011 on the application of patients' rights in cross-border healthcare. The Ministry of Health of Ukraine defined Directive 2011/24/EU as a priority act of EU law in the field of health care that is subject to implementation, and a road map for its implementation was developed and approved. Currently, the development of the draft law on the transposition of the requirements of Directive 2011/24/EU into national legislation has begun, and a transition period is necessary for this.

At the same time, the Law of Ukraine «Fundamentals of the Legislation of Ukraine on Health Care» stipulates that citizens of Ukraine can be sent for treatment abroad in the event of the need to provide one or another type of medical care, the provision of which cannot be provided in health care institutions of Ukraine. In order to fulfill this norm, the Government approved the Procedure for sending citizens of Ukraine for treatment abroad (Resolution of the Cabinet of Ministers of Ukraine No. 1079 of 27 December 2017), which currently regulates these issues.

The Ministry of Health of Ukraine also approved Order of the Cabinet of Ministers of Ukraine No. 1248 of 10 July 2023 «On approval of criteria for health care institutions of foreign countries for the treatment of citizens of Ukraine abroad».

There is no separate legislation on the provision of medical assistance to EU citizens.

In accordance with the Constitution of Ukraine, the Fundamentals of Ukrainian legislation on health care, the Law of Ukraine «On State Financial Guarantees of Medical Services of the Population», foreigners permanently residing on the territory of Ukraine have the same rights in the field of health care as Ukrainian citizens.

In accordance with the Law of Ukraine «On the establishment of additional legal and social guarantees for citizens of the Republic of Poland staying on the territory of Ukraine», citizens of the Republic of Poland during their stay on the territory of Ukraine have the right to free medical care in state and communal health care institutions on under the same conditions as citizens of Ukraine.

For foreigners and stateless persons temporarily staying in the territory of Ukraine, within the framework of the medical guarantee program, the state provides payment for the necessary medical services and medicines related to the provision of emergency medical care. Such persons are obliged to compensate the state for the full cost of the provided medical services and medicines in accordance with the procedure established by the Cabinet of Ministers of Ukraine, unless otherwise

stipulated by international treaties or laws of Ukraine.

The issue of providing medical care to EU citizens is defined by Directive 2011/24/EU of the European Parliament and of the Council of 9 March 2011 on the application of patients' rights in cross-border healthcare. The Ministry of Health of Ukraine defined Directive 2011/24/EU as a priority act of EU law in the field of health care that is subject to implementation, and a road map for its implementation was developed and approved. Currently, the development of the draft law on the transposition of the requirements of Directive 2011/24/EU into national legislation has begun, and a transition period is necessary for this.

The existence of corruption in the provision of medical services and medical education, as well as self-payment of medical services by patients, remains a cause for concern.

According to clause 3.7. Health care, education and science and social protection of the Anti-corruption strategy for 2021-2025, approved by the Law of Ukraine «On the principles of state anti-corruption policy for 2021-2025», patients and doctors do not receive medicines and medical products on time and in full, in particular due to the incomplete transition to the new system of organisation and control of medical purchases, the processes of determining needs and accounting for medicinal products are not fully regulated.

The Order of the Ministry of Health of Ukraine No. 1645 of 18 September 2023 «On the approval of the Anti-corruption program of the Ministry of Health of Ukraine for 2023-2024» approved the relevant Anti-corruption program, Measures for the implementation of the State anti-corruption program for 2023-2025, the training program on anti-corruption topics in the Ministry of Health Protection of Ukraine, as well as the Register of Risks (includes the results of identification of corruption risks, levels of the probability of consequences and levels of corruption risks, as well as measures to influence corruption risks).

In April 2023, the NSZU approved the Anti-Corruption Program for the next 2 years. It was developed taking into account the principles of the state anti-corruption policy defined in the Anti-Corruption Strategy for 2021-2025 and the measures for its implementation provided for in the State Anti-Corruption Program for 2023-2025.

Donor blood tracking system is not completed.

The tracking system of donor blood has been streamlined.

Adopted: Resolution of the Cabinet of Ministers of Ukraine No. 1294 of 12 December 2023 «Some issues of the information and communication system of blood donation»

Resolution of the Cabinet of Ministers of Ukraine No. 143 of 17 February 2023 «On the creation of an information and communication complex of the blood system»,

Resolution of the Cabinet of Ministers of Ukraine No. 921 of 29 August 2023 “Some issues of importing donor blood and blood components into the territory of Ukraine during the period of martial law or during emergency situations”

Order of the Ministry of Health of Ukraine No. 2225 of 09 December 2022 «On the approval of certain legal acts on the investigation of serious adverse events and reactions related to the procurement, testing, processing, storage, distribution and sale of donor blood and blood components, as well as during or after transfusion», registered in the Ministry of Justice of Ukraine No. 229/39285 of 3 February 2023.

It is necessary to strengthen the mechanism of monitoring the provision of medical services. A complaint monitoring mechanism can be an effective tool for preventing and investigating corruption.

Resolution of the Cabinet of Ministers of Ukraine No. 1093 of April 25, 2018 No. 410 of the Cabinet of Ministers of Ukraine dated April 25, 2018 was adopted. monitoring, documentary monitoring, monitoring visit. The resolution will contribute to the improvement of patients’ access to medical services, as it will improve control over the quality of the provision of medical services.

The government adopted Resolution No. 1221 of November 21, 2023 «On the Supervisory Board of a Health Care Institution», according to which hospitals that provide specialized medical care and have concluded contracts with the National Health Service of Ukraine (NHSU) on medical care for the population, supervisory boards should be established.

Further align national legislation with the EU consumer protection acquis.

The NSSMC draft Resolution on Approval of Amendments to the Regulation on Conducting Professional Activities on Capital Markets - Property Management Activities for Financing of Construction Objects and/or Real Estate Transactions has been developed. It provides for bringing the Regulation into compliance with the legislation, including the Law of Ukraine dated 10.06.2023 № 3153-IX on Protection of Consumer Rights.

The specified draft regulatory act was approved by the NSSMC Resolution dated 25.03.2024 № 339 and published on 26.03.2024 on the NSSMC’s official website to receive comments and suggestions from individuals, legal entities and their associations.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 3: Competitiveness and Inclusive Growth

CHAPTER 10 – Digital Transformation and Media

ЄШУА

УКРАЇНА

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ЄВРОПА

1. OVERALL STRATEGY

● *Please describe the national strategy and main initiatives in place for the digital transformation and media, including any quantitative targets set. In this regard, please describe any progress made in the last 12 months and the main challenges encountered.*

In March 2021, the Government of Ukraine approved the National Economic Strategy until 2030. The strategy includes Direction 18 "Digital economy".

Every year, the Government approves the Government's Action Plan, which contains digital tasks. Also, the annual Work Plan is developed and approved by the Ministry of Digital Transformation of Ukraine. The Ministry of Digital Transformation of Ukraine has 4 key targets: 100% of public services are available to citizens and businesses online; 95 % of the population, social facilities and main highways are covered by high-speed Internet; 6 million Ukrainians are involved in the digital skills development program; 10% share of IT in the country's GDP.

The Work Plan of the Ministry for 2023 identified 30 comprehensive measures aimed at achieving the objectives of the Ministry of Digital Transformation in the formation and implementation of state policy in the following areas:

digitalization, digital development, digital economy, digital innovations and technologies, e-government and e-democracy, development of the information society, informatization;

implementation of electronic document management;

development of digital skills and digital rights of citizens;

open data, public electronic registries, development of national electronic information resources and interoperability, development of the infrastructure of broadband access to the Internet and electronic communications, electronic commerce and business;

provision of electronic and administrative services; electronic trust services and electronic identification;

development of the IT industry;

development and functioning of the legal regime of Diia City.

As part of the development of the Unified state web portal of electronic services (hereinafter - Portal Diia) and the mobile application of the Portal Diia (Diia) by the end of 2023, access to more than 115 electronic public services was provided through the Portal Diia, and through the mobile application of the Portal Diia (Diia) to more than 40 electronic public services. During the year, about 1 million users joined the mobile application of Portal Diia (Diia). In total, the Diia Portal is used by more than 20 million users. 22 electronic public services and 14 in the mobile

application of the Diia Portal (Diia) were launched, which are relevant in the conditions of martial law, including Reconstruction, a map of points of invincibility, housing certificates for payments for destroyed property, replacement of a driver's license with delivery, a grant for veterans and their family members, receipt of qualification documents by seafarers, extract of criminal record, automatic closure of individual entrepreneur and others.

During 2023, the development of the network of centers for the provision of administrative services, which currently has more than 4,000 access points to administrative services, was continued, 30 centers for the provision of administrative services were modernised to Diia.Centers.

In order to further develop the field of open data, a study was conducted on the compliance of Ukrainian legislation with the regulations of the European Parliament and Council No. 2018/1807 of 14.11.2018 on the framework for the free movement of non-personal data in the European Union and No. 2022/868 of 30.05.2022 on European data management and amending Regulation (EU) 2018/1724.

Also, the training program on digitization and working with open data for heads of digital transformation in public authorities Digitalize Ukraine's Future, developed by Deloitte Academy with the support of the US Government, was completed.

In 2023, the Ministry of Digital Transformation, with the support of the US Government, launched the Open Data Academy project - a cycle of training programs for responsible persons managing information for the release of public information in the form of open data.

Ukraine took third place in the Open Data Maturity rating, which included 35 European countries. This year, the maturity level of open data in Ukraine is 96%. Ukraine is among the leaders in terms of the impact of open data, which consists of strategic awareness, measurement of data reuse and creation of anti-corruption and social impact, which indicates the transparency of government work, successful anti-corruption policy, high development of open data products and services.

For the development of the IT industry, the Ministry of Digital Transformation supports the operation of the legal regime for IT companies Diia City, which has already been joined by more than 760 Ukrainian IT companies, and the number of specialists involved by them reaches about 60 thousand people. According to the State Tax Service of Ukraine, for 9 months of 2023, Diia City residents paid almost 6 mln hrn to the state budget of Ukraine.

In 2023, the Unified State Web Portal of Digital Education "Diia. Digital Education" (hereinafter - Diia. Digital Education), where citizens have the opportunity to master and improve digital skills, as well as acquire new professions. Thus, during 2023, access to 83 educational series (total of 172 series available) and 56 simulators about current professions were created and opened. In addition, the Diia.Digital education offers to take a career orientation test and create a personalized learning trajectory. As of December 2023 on the Diia. Digital education registered 2,021,305 users who received 3 million certificates of completion of

educational courses. Also, in September 2023, the implementation of the "Updated informatics — IT studio" project began, where schoolchildren will be able to study with the help of interactive exercises, inclusive design and a convenient interface for communicating with the teacher. In 3 months, about 1,400 schools have already joined the project, and the IT studio section on the Diia.Digital Education portal has been visited by more than 100,000 users. On the initiative of the Ministry of Digital Transformation and with the support of the international technical assistance program "Electronic governance for government accountability and community participation (EGAP)", implemented by the Eastern Europe Fund and financed by the Government of the Swiss Confederation through the Swiss Agency for Development and Cooperation (SDC), in 2023 it was held a study on digital literacy in Ukraine, according to the results of which it was determined that 59.6% of Ukrainians have at least a basic level of digital literacy.

The Ministry of Digital Transformation, together with the Expert Advisory Committee on the Development of the Field of Artificial Intelligence of Ukraine under the Ministry of Digital Transformation, has developed a Roadmap for the regulation of artificial intelligence in Ukraine.

The Ministry of Digital Transformation has developed a draft Strategy for the Development of Innovative Activities of Ukraine until 2030, which is proposed to determine the course of policy formulation and implementation in the field of development of innovative activity for the period until 2030, creation of favorable conditions for the implementation of innovative activity, definition the basis of state policy in the field of innovation development, support and stimulation of innovative activity. This draft has been sent to executive bodies for consideration in April 2024.

Also the Ministry of Digital Transformation is working on the Action Plan for digitalization of public services till 2026. The Action Plan will focus on these main areas: recovery; education; health care; services for veterans; military serviceman; customs; e-social sphere, etc and will be adopted not later than 1Q 2025.

The decision of the National Council of Ukraine on Television and Radio Broadcasting dated November 23, 2023 No. 1475 approved the Strategy of the National Council of Ukraine on Television and Radio Broadcasting for 2024-2026.

The purpose of the Strategy is to define the main areas of activity of the National council, which are provided for by the Law of Ukraine "On Media", taking into account the provisions international agreements and state programs in the field of information policy, media, culture and arts, electronic communications, in other spheres of society lives that have an impact on the media, taking into account the needs of Ukrainian society, which changes dynamically.

This Strategy defines the necessary steps to ensure pluralism of opinion, satisfaction and provision of information rights of citizens, providing various media services, creation of a favorable business environment, media environment, development of civil society, protection of rights users of media services (informational, entertainment, educational, etc.) as of the entire Ukrainian society, as well as individual ethnic and social communities.

The goals and priorities defined in the Strategy are aimed at implementation European integration processes and the implementation of the Law of Ukraine "On Media", which developed in compliance with the standards of the Council of Europe and EU Directive on audiovisual media services.

2. ELECTRONIC COMMUNICATIONS

• *Please report on the alignment with the European Electronic Communications Code (Directive (EU) 2018/1972) (EECC).*

Based on the results of the self-screening conducted in 2023, it was determined that Ukraine implemented the provisions of the European Electronic Communications Code (Directive (EU) 2018/1972) (EECC).

Within the framework of implementing the Law on Electronic Communications the MDTU, together with the DPS2UA project, drafted six by-laws on universal electronic communication services, a draft of the strategy for the development of electronic communications area and consultation notes. The reform of transferring powers to the MDTU from the SSSCIP will allow the MDTU to work towards adoption of these by-laws.

In order to ensure further practical implementation of the Law on Electronic Communications and the Law on the Regulator, which implement the provisions of the European Electronic Communications Code (Directive (EU) 2018/1972), during 2023 the National Commission for the State Regulation of Electronic Communications, Radio Frequency Spectrum and the Provision of Postal Services (NCEC, the Regulator) ensured the development and adoption of 29 major regulatory acts. It should be noted, that the number of regulatory acts is even greater than in 2022, which indicates that despite all the difficulties and challenges associated with the Russia's full-scale invasion of Ukraine, the Regulator remains effective in the fulfillment of the tasks stipulated by the Association Agreement.

Following the Decision No. 1/2023 of the EU-Ukraine Association Committee in Trade configuration of 24 April 2023 modifying Appendix XVII-3 (Rules applicable to telecommunication services) of Annex XVII to the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part, the NCEC is actively working on the practical implementation of the EU acquis on roaming. Currently, the draft law of Ukraine on the implementation of the provisions of European legislation on roaming is being finalised for the second reading, which is aimed at amending two sectoral laws - the Law on Electronic Communications and the Law on the Regulator. The work on this draft law takes place within the working group, which includes representatives of the Parliamentary Committee on Digital Transformation, the National Commission for State Regulation in the Spheres of Electronic Communications, Radio Frequency Spectrum and Provision of Postal Services, the Ministry of Digital Transformation of Ukraine and electronic communications operators of Ukraine.

In addition, the representatives of the NCEC, the MDTU, the Secretariat of the Parliamentary Committee on Digital Transformation, as well as providers of mobile electronic communication networks/services of Ukraine participated in the TAIEX workshop on implementing the Roaming Regulation (27-29.06.2023, Vienna, Republic of Austria, hybrid format).

• *Please provide details on the administrative capacity of the National Regulatory Authority for telecommunications and its organisation and of the relevant Ministry in charge of electronic communications. Has progress been made in the last 12 months?*

On the whole, the Regulator (NCEC) continues to fully and effectively perform the tasks and functions assigned to it in accordance with the current legislation, in particular the Law on Electronic Communications and the Law on the Regulator, as well as continues to develop the necessary regulatory and legal acts. At the same time, there are certain functions, the performance of which is currently limited, which is connected to specific functioning conditions under the martial law, as well as certain tasks requiring additional funding, which is also limited precisely in the conditions of a full-scale war.

At the same time, pursuing the intention to increase efficiency and continue to properly fulfill the tasks assigned to the Regulator, even in view of the limited resources, both financial and human, which are objectively caused by specific functioning conditions under the martial law, NCEC carried out a review of its organizational structure, in particular:

- taking into account the tasks of digitization and the increase in the number of cyber threats - a separate division for information technologies was established;

- in order to improve the control and ensure the quality of services in the field of electronic communications – a separate unit for the quality of electronic communications services has been established;

- with the aim of ensuring (enhancing) public participation in the formation and implementation of state policy within the competence of the Regulator, a unit for information activities and communications with the public, was established.

At the same time, following the Government's decision to reduce the size of the state apparatus, the Staff of NCEC was optimized. However, the distribution of responsibility between structural units for the full range of functions (tasks) necessary to ensure the implementation of NCEC's powers has been ensured.

Currently, the structure of NCEC consists of a collegial body (7 commissioners) and the Staff (20 independent structural units and 1 official, with a total number of 221 full-time employees).

• *Please indicate the legal safeguards for independence of the National Regulatory Authority – i.e. operational independence, possibility for political*

interference, financial independence (surplus regulation). Has progress been made in the last 12 months?

In case of the Regulator, no relevant developments during the reporting period. The previously achieved level of independence remains in place. However, the matter of insufficient funding (attributed to the conditions of the martial law) persists and most likely could not be resolved during war period.

• Describe the progress with implementation of the European Emergency number 112, including the way of cooperation between all the relevant authorities in the sector.

In the framework of the implementation of the European emergency number 112, the responsible bodies have done the next steps in this area in 2023.

1. The Protocol of Electronic Information Interaction between the Ministry of Internal Affairs of Ukraine and the National Police of Ukraine No. 3 of 29 September 2023 on the functioning of the information and communication system 112 was developed and signed.

2. Order of the Ministry of Internal Affairs of Ukraine No. 911 dated 10 November 2023 "On Approval of the Regulation on the Communication Centre "Service 112" was issued.

3. The Protocol of Electronic Information Interaction between the Ministry of Internal Affairs of Ukraine and the State Emergency Service of Ukraine No. 1 dated 26 December 2023 on the functioning of the information and communication system 112 was signed.

4. At the suggestion of the Ministry of Internal Affairs, the Classifier of professions was amended by Amendment No. 13, approved by Order of the Ministry of Economy of Ukraine No. 1410 dated 16 January 2024, to include the professional title of "112 Service Operator", which is assigned to the classification group "Other technical specialists in the field of physical sciences and engineering" with code 3119.

Also, as part of the introduction of the 112 emergency number a pilot test operation of the 112 information and communication system was conducted in certain administrative units (Kyiv and Kyiv region), taking into account the needs of people with disabilities.

In addition, the 112 system was integrated with the 102 service in Kyiv and Kyiv region in terms of routing emergency calls from the 112 system to the 102 service using SIP technology. As a result of the integration, the 102 service in Kyiv receives calls from the 112 service.

Moreover, the complex information security system of the emergency assistance system for the population by a single telephone number 112 was completed and a certificate of conformity of the complex information security system of the information and telecommunications system for emergency assistance

to the population by a single telephone number 112 was obtained, registered with the Administration of the State Service for Special Communications and Information Protection of Ukraine on 31 July 2023 under No. 513B.

The third stage of the implementation of the system of emergency assistance to the public via a single telephone number 112 has been launched. Order of the Ministry of Internal Affairs of Ukraine No. 980 dated 1 December 2023 amended Order of the Ministry of Internal Affairs of Ukraine No. 771 dated 25 November 2022 "On the introduction of a trial operation of the emergency assistance system for the population by a single telephone number 112 (information and communication system for emergency assistance to the population by a single telephone number 112)", which introduced a trial operation in all regions of Ukraine, if technically possible. By 1 December 2023, the system of emergency assistance to the population via a single telephone number 112 was implemented in Vinnytsia, Zhytomyr, Lviv, Cherkasy and Chernihiv regions.

On 01 December 2023, the Communication Centre 112 department of the State Institution Centre for Infrastructure and Technology of the Ministry of Internal Affairs of Ukraine was opened in Lviv.

• Is there a national broadband strategy and if so, how is it coordinated? What are the broadband targets in penetration and speeds? Please provide Internet access rates and speeds for schools, households, enterprises per size (SMEs, medium, large) and sector.

Despite constant destruction of or damage to telecom-infrastructure, as of 31.12.2023, there was a total of 17 385 settlements in Ukraine provided with fixed access to the Internet, which is 1 022 more than in 2022. The provision of households with fixed access to the Internet (per 100 households) was at a national average of 62%.

The number of fixed Internet access lines (points) amounted to 8.06 million units, which is almost 12% more compared to end of 2022. At the same time, the number of such lines in rural areas increased by 25.4% and amounted to 2.12 million units, which indicates an increase in the availability of broadband access to the Internet in such areas.

The above-mentioned indicators exclude data from the Republic of Crimea and the city of Sevastopol, as well as parts of the territories that are located in the area of military operations (combat) or that are under temporary occupation, encirclement (blockade), in Donetsk, Luhansk, Zaporizhzhia and Kherson regions).

Despite the war, Ukraine continued to implement "Internet-Subvention" throughout 2022. As of December 2023, within the framework of the program, 3000 villages and 7,700 social institutions across Ukraine have been connected, providing nearly 1000000 Ukrainians with Internet access.

Also, with the support of the Ministry of Digital Transformation of Ukraine,

3,924 shelters in educational institutions were provided with Internet access. Thanks to it, children could continue their studies in safer places during emergencies.

In accordance with subparagraph "a" of paragraph 14 of part one of Article 6, parts two and three of Article 99 of the Law of Ukraine "On Electronic Communications", the Administration of the State Service of Special Communications and Information Protection developed and approved the Order of the Administration of the State Service of Special Communications and Information Protection dated 23.06.2023 № 549 "On Defining the Indicator for Determining the Universal Electronic Communications Service of Broadband Internet Access at a Fixed Location of Service Receipt", registered in the Ministry of Justice of Ukraine on 06.07.2023 under № 1150/40206.

The implementation of the Order is necessary for further steps to determine the quality parameters of universal electronic communications services, their indicators and levels, methods of their measurement by electronic communications service providers and measurement methods.

The Ministry of Digital Transformation of Ukraine is currently working on the draft of the Strategy for the Development of the Electronic Communications Sector of Ukraine for the period until 2030, which will include several goals for increasing the level of coverage of fixed and mobile broadband access. The document is expected to be approved by the government this year.

State institutions, educational, medical, and social protection institutions of the population of Ukraine must be provided with broadband Internet at a speed of 100 Mbit/s and have open Wi-Fi zones for visitors and staff.

These institutions include, among others, schools, centers for the provision of administrative services, primary medical care facilities, secondary medical care facilities, vocational and technical education facilities, cultural facilities, social protection facilities, inclusive resource centers, fire and rescue teams, fire and rescue units, departmental institutions of the Ministry of Internal Affairs, preschool educational institutions, sports, and health facilities.

The cost of Internet services in Ukraine also depends on the type of connection, speed, and volume of the tariff package, and connection region. Official studies on Internet access rates have not been conducted, but taking into account the data of stakeholders, we can indicate that in 2023, prices for using home Internet at a speed of up to 100 Mbit/s ranged from UAH 100 to UAH 450 per month, and the cost of Gigabit Internet ranged from UAH 220 to UAH 600 per month.

- *Please provide an overview of the current state of*
 - (i) *the authorisation of radio spectrum (i.e. all frequency bands, including exact frequency ranges, technology) for terrestrial systems capable of providing wireless broadband electronic communications services,*
 - (ii) *the deployment of 5G and*
 - (iii) *the switch-off of TV broadcasting in the 700 MHz band.*

(i) As part of the requirements of Article 42 of the Law of Ukraine "On Electronic Communications", the Administration of the State Service of Special Communications and Information Protection of Ukraine has developed a Plan for the allocation and use of radio frequency spectrum in Ukraine, which was approved by the Resolution of the Cabinet of Ministers of Ukraine No. 1340 dated 19.12.2023. This plan regulates the allocation of radio frequency bands to radio services in Ukraine, defines special and general use radio frequency bands, as well as the list of radio technologies used in Ukraine.

The current state of authorization of the radio frequency spectrum is contained in the Plan for the Allocation and Use of the Radio Frequency Spectrum of Ukraine (hereinafter - the Plan):

position 22 of the Plan - International Mobile Telecommunications IMT (LTE (Long-Term Evolution)):

- radio frequency bands 703 - 723 MHz, 758 - 778 MHz;
- radio frequency bands 791 - 801 MHz, 832 - 842 MHz;
- radio frequency bands 3400 - 3800 MHz;
- radio frequency bands 888,8 - 906 MHz, 933,8 - 951 MHz;
- radio frequency bands 1710 - 1785 MHz, 1805 - 1880 MHz;
- radio frequency bands 2010 - 2025 MHz;
- radio frequency bands 1935 - 1950 MHz, 2125 - 2140 MHz;
- radio frequency bands 2355 - 2395 MHz;
- radio frequency bands 2510 - 2545 MHz, 2565 - 2570 MHz, 2630 - 2665 MHz, 2685 - 2690 MHz;
- radio frequency bands 2575 - 2610 MHz.

position 23 of the Plan - International Mobile Telecommunications IMT-2020 (5G NR (New Radio)):

- radio frequency bands 703 - 723 MHz, 758 - 778 MHz;
- radio frequency bands 3400 - 3800 MHz;
- radio frequency bands 24,25 - 27 GHz.

(ii) The release of the 700 MHz frequency band from terrestrial broadcasting networks for the development of 5G networks is one of the priority tasks for the Ministry of Digital Transformation of Ukraine. Currently, the band is used by television services and the Security and Defense Forces.

(iii) The Ministry of Digital Transformation of Ukraine, together with the

National Council for Television and Radio Broadcasting, is working on a decision on the release of frequencies from television, given the licences for broadcasting needs using the radio frequency spectrum of the nationwide digital terrestrial television operator "Zeonbud".

Due the martial law and the ongoing Russian armed aggression against Ukraine, progress on the issue of 5G implementation is, for objective reasons, slow. At the same time, in Q1 2024, measures were initiated to conduct testing of 5G technology (testing of radio equipment of 5G technology in the 3400-3700 MHz band).

• *Please report on the implementation of the EU radio spectrum harmonisation measures.*

In December 2023, the updated Plan for the Allocation and Use of the Radio Frequency Spectrum of Ukraine was adopted, approved by a resolution of the Cabinet of Ministers of Ukraine dated 19.12.2023 (No. 1340) (hereinafter - the Plan).

The Plan was adopted in accordance with subparagraph 3 of paragraph 1928 of the Action Plan for the Implementation of the Association Agreement between Ukraine, on the one hand, and the European Union, European Atomic Energy Community and their state members, on the other hand, approved by the resolution of the Cabinet of Ministers of Ukraine dated October 25, 2017 (No. 1106), taking into account the requirements of the Law of Ukraine "On Electronic Communications".

The Plan has been developed taking into account the acts of the European Union legislation, in particular, the use of radio frequency bands in Ukraine is currently harmonized with the following acts: (EU)2017/1483, (EU)2019/1345, 2010/267/EU, 2010/166/EU, (EU)2022/173, 2008/294/EU, 2013/654/EU, (EU)2016/2317, 2008/295/EU, (EU)2017/191, 2010/167/EU, 2012/688/EU, 2008/477/EU, (EU)2020/636, (EU)2016/687, (EU)2017/899, 2008/411/EU, 2014/276/EU, 91/287/EU, 2003/203/EU, 2013/752/EU, (EU)2019/785, 90/385/EU, 93/42/EU, 2004/104/EU, (EU)2016/339, 2014/641/EU.

In particular, harmonization was carried out with the following EU acquis:

- 2010/267/: Commission Decision of 6 May 2010 on harmonised technical conditions of use in the 790-862 MHz frequency band for terrestrial systems capable of providing electronic communications services in the European Union (section 2 of the Plan, position 22);

- Commission Implementing Decision (EU) 2022/173 of 7 February 2022 on the harmonisation of the 900 MHz and 1800 MHz frequency bands for terrestrial systems capable of providing electronic communications services in the Union and repealing Decision 2009/766/EC (section 2 of the Plan, position 22);

- 2010/166/: Commission Decision of 19 March 2010 on harmonised conditions of use of radio spectrum for mobile communication services on board

vessels (MCV services) in the European Union, 2008/294/EC: Commission Decision of 7 April 2008 on harmonised conditions of spectrum use for the operation of mobile communication services on aircraft (MCA services) in the Community, 2013/654/EU: Commission Implementing Decision of 12 November 2013 amending Decision 2008/294/EC to include additional access technologies and frequency bands for mobile communications services on aircraft, Commission Implementing Decision (EU) 2016/2317 of 16 December 2016 amending Decision 2008/294/EC and Implementing Decision 2013/654/EU, in order to simplify the operation of mobile communications on board aircraft (MCA services) in the Union, Commission Implementing Decision (EU) 2017/191 of 1 February 2017 amending Decision 2010/166/EU, in order to introduce new technologies and frequency bands for mobile communication services on board vessels, Commission Recommendation of 7 April 2008 on authorisation of mobile communication services on aircraft (MCA services) in the European Community, Commission Recommendation of 19 March 2010 on the authorisation of systems for mobile communication services on board vessels (MCV services)(section 2 of the Plan, position 22);

- Commission Implementing Decision (EU) 2016/687 of 28 April 2016 on the harmonisation of the 694-790 MHz frequency band for terrestrial systems capable of providing wireless broadband electronic communications services and for flexible national use in the Union, Decision (EU) 2017/899 of the European Parliament and of the Council of 17 May 2017 on the use of the 470-790 MHz frequency band in the Union (section 2 of the Plan, position 23);

- 2008/411/EC: Commission Decision of 21 May 2008 on the harmonisation of the 3400 - 3800 MHz frequency band for terrestrial systems capable of providing electronic communications services in the Community, 2014/276/EU: Commission Implementing Decision of 2 May 2014 on amending Decision 2008/411/EC on the harmonisation of the 3400 - 3800 MHz frequency band for terrestrial systems capable of providing electronic communications services in the Community (section 2 of the Plan, position 23);

- bands 75, 75a, 75b of Appendix to Commission Implementing Decision (EU) 2019/1345 of 2 August 2019 amending Decision 2006/771/EC updating harmonised technical conditions in the area of radio spectrum use for short-range devices (section 2 of the Plan, position 26).

In compliance with the Law on Electronic Communications, NCEC developed criteria for determining public use bands and radio technologies, for which the right of use for the radio frequency spectrum (or part thereof) is transferred from one electronic communications operator to another (NCEC Resolution No. 223 of 06.07.2023).

A number of recommendations for the new Plan have been developed and implemented. The Plan provides for the redistribution of the spectrum for various types of radio communication, taking into account the global trends in the development of radio technologies and the approximation of common European standards, and provides an opportunity to issue new licenses for the use of the radio

frequency spectrum by operators of electronic communications for the development of new networks, the introduction of new radio technologies and the improvement of the quality of services provided to subscribers. The adoption of the Plan reflects a strategic approach to the effective use of the radio frequency spectrum in the context of modern international standards, promoting development and innovation in the field of wireless communication in Ukraine.

Taking into account the experience of the regulatory authorities of the EU Member states regarding the determination of indicators of the accumulation of radio frequency bands applied to various radio frequency bands, as well as the available amount of spectrum in each of the radio frequency bands in Ukraine, NCEC also developed indicators of the accumulation of spectrum intended for exclusive use (L01) for radio technologies of mobile communication in different radio frequency ranges. The specified indicators are a tool for ensuring effective competition and preventing its distortion and will be taken into account when making certain decisions related to conducting relevant competitions and auctions.

In order to enable electronic communications operators to further implement modern mobile radio technologies, the Procedure for conducting competition or auction for obtaining licenses for the use of radio frequency spectrum has been approved (NCEC Resolution No. 250 dated 14.12.2022).

3. DIGITAL SERVICES

• Please report on any existing or foreseen national legislation or initiatives relevant for the alignment with Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market for Digital Services and amending Directive 2000/31/EC (Digital Services Act, DSA). In this regard, please report also on government initiatives facilitating civil society involvement in investigating or addressing issues on digital services, such as the dissemination of illegal content, the protection of fundamental rights, or negative effects on public discourse (including disinformation). Please report on any formal and/or structural engagement with relevant private sector stakeholders, such as online platforms in this regard. Please report on how the government intends to proceed towards alignment with the DSA.

The Government of Ukraine is getting prepared to align national legislation with the Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market for Digital Services and amending Directive 2000/31/EC (Digital Services Act, DSA).

In this regard, the Ministry of Digital Transformation of Ukraine has developed the first draft of the Law of Ukraine "On Digital Services" (working title), which includes the implementation of Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market for Digital Services and amending Directive 2000/31/EC (Digital Services Act, DSA).

In addition to the aforementioned draft Law "On Digital Services" also includes

the implementation of two other Regulations, namely: Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act, DMA) and Regulation (EU) 2019/1150 of the European Parliament and of the Council of 20 June 2019 on promoting fairness and transparency for business users of online intermediation services (P2B Regulation).

Due to several questions regarding the implementation of the DSA, including regulation of very large online platforms and search engines, which the DSA entrusts to the European Commission, the Ministry of Digital Transformation has reached out to the European Commission (specifically the EU4Digital project) for expert support in analyzing and refining the draft legislation. It is planned to revise this draft law based on the conclusions of European experts.

• *Please report on any initiatives relevant for the EU Code of Practice on Disinformation and EU Code of conduct on countering illegal hate speech online.*

No relevant developments during the reporting period.

• *Please report on any existing or foreseen national legislation or initiatives relevant for the alignment with Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act, DMA). Please report on how the government intends to proceed with alignment with the DMA.*

The Government of Ukraine is getting prepared to align national legislation with the Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act, DMA).

According to the previously mentioned information in response to question "a", the Ministry of Digital Transformation of Ukraine has developed the first draft of the Law of Ukraine "On Digital Services" (working title), which includes the implementation of DSA, DMA and P2B Regulation.

Due to several questions regarding the implementation of the DMA, including regulation of gatekeepers, which the DMA entrusts to the European Commission, the Ministry of Digital Transformation has reached out to the European Commission (specifically the EU4Digital project) for expert support in analyzing and refining the draft legislation. It is planned to revise this draft law based on the conclusions of European experts.

• Please report on any existing or foreseen national legislation or initiatives relevant for the alignment with Regulation (EU) 2019/1150 of the European Parliament and of the Council of 20 June 2019 on promoting fairness and transparency for business users of online intermediation services (P2B Regulation). Please report on how the government intends to proceed towards alignment with the P2B Regulation.

The Government of Ukraine is getting prepared to align national legislation with the Regulation (EU) 2019/1150 of the European Parliament and of the Council of 20 June 2019 on promoting fairness and transparency for business users of online intermediation services (P2B Regulation).

According to the previously mentioned information in response to question "a", the Ministry of Digital Transformation of Ukraine has developed the first draft of the Law of Ukraine "On Digital Services" (working title), which includes the implementation of DSA, DMA and P2B Regulation.

The Ministry of Digital Transformation has reached out to the European Commission (specifically the EU4Digital project) for expert support in analyzing and refining the draft legislation. It is planned to revise this draft law based on the conclusions of European experts.

• Please detail the institutional setting related to digital services and digital markets, i.e. which are the bodies responsible for supervision of digital services and markets and how are they institutionally set up. Please provide details on the administrative capacity of the relevant authorities and its organisation and of the relevant Ministry in charge of digital services. Please indicate what the legal safeguards for independence of the relevant authority are – i.e. operational independence, possibility for political interference, financial independence.

Currently, there is no Digital Services coordinator in Ukraine. Its establishment is envisaged in the draft Law "On Digital Services" being developed by the Ministry of Digital Transformation. Currently, various options are being considered for the appointment of the coordinator, including assigning responsibilities to an existing government body with expertise in related areas, such as the regulator in the field of electronic communications or the regulator in the media sector.

Specific powers of the media regulator regarding providers of video-sharing platforms are provided for in the Law of Ukraine "On Media," taking into account Directive 2010/13/EU on audiovisual media services. Specifically, the National Council on Television and Radio Broadcasting exercises powers over information-sharing platforms, including conducting negotiations, signing agreements and memoranda, and issuing requests for restrictions on access to information that violates the requirements of the said Law.

The powers of the National Commission for the State Regulation of electronic communications, radio frequency spectrum and the provision of postal services (NCCIR) extend to providers of intermediary services for the "mere conduit"

transmission of information in a communication network provided by the recipient of the service or providing access to a communication network (Article 4 of the DSA). However, these powers do not extend to matters related to the analysis of content and editing of information transmitted via electronic communications (Article 1 of the Law of Ukraine "On Electronic Communications").

The administrative capacity and legal guarantees of independence of regulators in the media and electronic communications sectors are described in previous reports, including those as of April 2023.

The Ministry of Digital Transformation is the main body in the system of central executive authorities responsible for shaping and implementing state policy in the field of digital economy (according to its Regulations approved by the Cabinet of Ministers of Ukraine on September 18, 2019, No. 856).

To fulfill the responsibilities of the Ukrainian Digital Services Coordinator laid down in the draft Law on Digital Services, it will be necessary to strengthen administrative capacity in this area.

4. DATA

• *Has the national legislation been aligned with the EU acquis on Open data and Re-use of Public Sector Information?*

- Directive (EU) 2019/1024 of the European Parliament and of the Council of 20 June 2019 on open data and the re-use of public sector information (or at least the previous Directive 2003/98/EC of the European Parliament and of the Council of 17 November 2003 on the re-use of public sector information as amended by Directive 2013/37/EU).

- Directive (EU) 2019/1024 of the European Parliament and of the Council of 20 June 2019 on open data and the re-use of public sector information is fully implemented.

- Commission Implementing Regulation (EU) 2023/138 of 21 December 2022 laying down a list of specific high-value datasets and the arrangements for their publication and re-use (or a similar initiative focusing on concrete datasets to be made available).

Ukraine has conducted research on the best practices and legislation of the EU on standardization of high value datasets. Draft of amendments to Decree of Cabinet of Ministers of Ukraine No 835 containing the list of high value datasets is getting finalized to be adopted by CMU.

• *Please report on the alignment with Regulation (EU) 2022/868 of the European Parliament and of the Council of 30 May 2022 on European data governance and amending Regulation (EU) 2018/1724 (Data Governance Act). Please report on the alignment with the Regulation on a framework for the free*

flow of non-personal data in the European Union (Regulation (EU) 2018/1807).

The Ministry of Digital Transformation of Ukraine prepared a study on the compliance of Ukrainian legislation with Regulation (EU) No. 2018/1807 of the European Parliament and of the Council of 14 November 2018 on a framework for the free flow of non-personal data in the European Union and No. 2022/868 of 30 May 2022 on European data governance and amending Regulation (EU) 2018/1724 (Data Governance Act) (<https://cutt.lv/gwzpTF7o>). The results of the study were published in July 2023. Together with the study, the draft of a Roadmap for the implementation of the provisions of the above-mentioned regulations to the national legislation ("Draft Roadmap") was presented.

5. DIGITAL TRUST & CYBERSECURITY

• *Please report on the alignment with the Regulation 910/2014 on electronic identification and trust services for electronic transactions in the internal market (eIDAS Regulation).*

On 1 December 2022, amendments to the Law of Ukraine "On Electronic Trust Services" were adopted. The Verkhovna Rada of Ukraine adopted Law No. 6173 "On Amendments to Certain Legislative Acts of Ukraine on Ensuring the Conclusion of an Agreement between Ukraine and the European Union on the Mutual Recognition of Qualified Electronic Trust services and implementation of European Union legislation in the field of electronic identification". According to the Law, Ukraine recognizes the qualified electronic signature of the European Union. In its turn, the EU will temporarily recognize the Ukrainian qualified electronic signature as advanced before the conclusion of the Agreement with the EU, and after - as a qualified electronic signature. The English translation of the Law of Ukraine "On Electronic Identification and Electronic Trust Services" is available by the link: <https://cutt.lv/P4FVIAT>. Ukraine requested the EU side to launch the official EU assessment in the area of trust services and eID.

• *Do you regulate trust services in accordance with eIDAS, distinguishing between qualified and non-qualified, and established conditions for its supervision?*

Article 1 Law of Ukraine "On Electronic Identification and Electronic Trust Services" defines qualified trust service providers and non-qualified trust service providers. According to the Law of Ukraine "On Electronic Identification and Electronic Trust Services" the Cabinet of Ministers of Ukraine sets requirements for the qualified and non-qualified providers of electronic trust services.

Draft of Resolution of Cabinet of Ministers of Ukraine "Some compliance issues in the areas of electronic identification and electronic trust services" which sets requirements for the qualified and non-qualified providers of electronic trust services passes the acceptance procedure in the Ministry of Justice of Ukraine.

Draft of Resolution of Cabinet of Ministers of Ukraine “Some compliance issues in the areas of electronic identification and electronic trust services” consists of conditions for supervising the qualified and non-qualified providers of electronic trust services.

For the purpose of mutual recognition of qualified electronic trust services, as well as the implementation of legislation in the fields of electronic identification and electronic trust services to EU legislation, passing an audit (compliance assessment) is a necessary condition.

Thus, the legislation in the field of electronic identification and electronic trust services stipulates that in order to acquire the status of a qualified provider of electronic trust services, it is necessary to submit a compliance document to the Ministry of Digital Transformation, issued as a result of the compliance assessment procedure in the field of electronic trust services. Conformity assessment in the fields of electronic identification and electronic trust services is carried out by conformity assessment bodies accredited in accordance with the legislation in the field of accreditation.

At the same time, legislative prerequisites have been created for compliance assessment in the fields of electronic identification and electronic trust services through the approval of relevant legal acts.

The national accreditation body of Ukraine is the National Accreditation Agency of Ukraine, which was established by the Ministry of Economy and belongs to the sphere of its management.

Yes, a conformity assessment body in the fields of electronic identification and electronic trust services must be accredited by the National Accreditation Agency of Ukraine, however, to date, no conformity assessment body in these areas has been accredited in Ukraine.

Taking into account the above, we ask you to facilitate the accreditation of the conformity assessment body in the fields of electronic identification and electronic trust services in accordance with the legislation in the field of accreditation.

• *What is the penetration/usage rate of trust services (electronic signatures and seals, qualified and non-qualified) in the country?*

Usage rate of trust services (electronic signatures and seals, qualified and non-qualified) in the country is very high. During 2023 year 27 million of qualified certificates of signatures and seals were issued, which are 80% of the adult population of Ukraine (<https://czo.gov.ua/development>). According to Ukrainian laws, qualified trust services provided by 30 QTSPs (<https://czo.gov.ua/trustedlist>, <https://czo.gov.ua/ca-registry>), signatures which provided by 5 of them recognized in EU as advanced electronics signatures (<https://eid.ec.europa.eu/efda/tl-browser/#/screen/tc-tl>). Electronic signatures and seals are used in Ukraine for signing documents, identification and authentication in business and for obtaining

state's services.

• *Please report on the alignment with the Directive 2022/2555 on measures for a high common level of cybersecurity across the Union (NIS 2 Directive) and implementation of the 5G toolbox.*

One of the main objectives of the NIS 2 Directive is to establish obligations: to adopt national cybersecurity strategies, to designate or establish competent authorities, Computer Security Incident Response Teams (CSIRTs), cybersecurity risk-management measures and reporting obligations, rules and obligations on cybersecurity information sharing.

As part of the approximation of Ukrainian legislation to EU legal acts for a high common level of security of network and information systems the following measures have been implemented regarding the implementation of the NIS 2 Directive provisions, which continues and expands the previous Directive (EU) 2016/1148 (NIS): terminology in the field of network and information system security was brought in line with EU law.

Resolutions of the Cabinet of Ministers of Ukraine dated 09.10.2020 No. 943 and dated 09.10.2020 No. 1109 established a mechanism for including objects in the critical infrastructure and categorising them;

Cybersecurity Strategy of Ukraine, approved by the Decree of the President of Ukraine dated 26.08.2021 No. 447 and the Implementation Plan of the Cybersecurity Strategy of Ukraine, approved by the decision of the National Security and Defence Council of Ukraine dated 30.12.2021, enacted by the Decree of the President of Ukraine dated 01.02.2022 No. 37;

the Law of Ukraine "On the Basic Principles of Ensuring Cybersecurity of Ukraine" defines the competent authorities;

measures have been taken to ensure that the competent authorities have the necessary powers and resources at the legislative level to assess whether the operators of basic services fulfill their obligations;

the Law of Ukraine "On Cloud Services" defines requirements for providers of cloud and/or data centre services.

Regarding the National Cyber Crisis Management Frameworks:

Resolution of the Cabinet of Ministers of Ukraine dated 04.04.2023 No. 299 approved the Procedure for the response of cybersecurity entities to various types of events in cyberspace;

Order of the Administration of the State Service of Special Communications and Information Protection of Ukraine dated 03.07.2023 No. 570 approved the Methodological Recommendations on the response of cybersecurity entities to various types of events in cyberspace and the cyber incident/cyber attack notification card;

the National Coordination Center for Cybersecurity of the National Security and Defense Council of Ukraine approved the General rules for the exchange of information on cyber incidents (TLP Protocol version 2.0) (Protocol No. 21 of the meeting of the National Coordination Center for Cybersecurity of the National Security and Defense Council of Ukraine dated 09.02.2023);

measures to develop a draft National Emergency (Crisis) Response Plan for Cyberspace are ongoing. Computer Emergency Response Team of Ukraine (CERT-UA) was established, which interacts with international organisations on cyber incident response, in particular through participation in the FIRST Forum of Security Incident Response Teams. In addition, measures are being taken to develop CSIRTs.

Computer Emergency Response Teams identify, assess and analyse cyber incidents (cyber attacks), coordinate and participate in the response process, and establish communications and information exchange regarding cyber incidents (cyber attacks).

Regarding coordinated disclosure of vulnerabilities:

Resolution of the Cabinet of Ministers of Ukraine dated 16.05.2023 No. 497 approved the Procedure for searching and identifying potential vulnerabilities of information (automated), electronic communication, information and communication systems, electronic communication networks;

Order of the Administration of the State Service of Special Communications and Information Protection of Ukraine dated 14.07.2023 No. 599 approved the Methodological recommendations for the development of a public offer for the search and identification of potential vulnerabilities of information (automated), electronic communication, information and communication systems, electronic communication networks.

Regarding cybersecurity risk management measures and reporting obligations:

Resolution of the Cabinet of Ministers of Ukraine dated 19.06.2019 No. 518 sets out General requirements for cyber security of critical infrastructure facilities;

Resolution of the Cabinet of Ministers of Ukraine dated 29.12.2021 No. 1426 approved the Regulation on the organisational and technical model of cyber defence, which defines the mechanism of functioning of the organisational and technical model of cyber defence, which is a set of measures, forces and means of cyber defence aimed at prompt (crisis) response to cyber attacks and cyber incidents, implementation of countermeasures aimed at minimising the vulnerability of communication systems;

the Law of Ukraine "On Critical Infrastructure" stipulates that critical infrastructure operators at each critical infrastructure facility develop and ensure the implementation of a facility-specific action plan for the protection and resilience of critical infrastructure, organise a system of personnel training, education and exercises to ensure the resilience and protection of critical infrastructure sectors;

the procedure for interaction of cybersecurity entities in responding to cyber

incidents/cyber attacks was approved at the meeting of the National Coordination Center for Cybersecurity of the National Security and Defense Council of Ukraine on 22.09.2022;

Resolution of the Cabinet of Ministers of Ukraine No. 1174 dated 14.10.2022 approved the Regulation on information exchange between the entities of the National Critical Infrastructure Protection System, according to which information interaction is ensured through the consistent exchange of information between the entities of the national critical infrastructure protection system.

• *What is the institutional set up and what are the regulatory instruments and procedures for data security and the protection of privacy in the sector? Please report on the alignment with the Directive 2002/58/EC on privacy and electronic communications.*

According to the results of the self-screening conducted by Ukraine in 2023, Directive 2002/58 is partially implemented, in particular through the provisions of the Law of Ukraine "On Electronic Communications". At the same time, for the further transposition of the provisions of the Directive, it is necessary to approve the draft law "On the protection of personal data" (8153 dated 25.10.2022). Similar recommendations regarding the formulation of the Directive's norms in the text of the draft law were provided in the legal opinion of the Council of Europe in June 2023.

6. AUDIOVISUAL MEDIA

• *Could you indicate which are the relevant competent regulatory authorities in the field of audiovisual policy and detail their roles and responsibilities of the? How are the competencies shared between them in case there are more than one? What modifications of the regulatory structures were made in the last year?*

No relevant developments during the reporting period.

• *Please provide the following information regarding the regulatory body for audiovisual media services:*

i. Have the recommendations, if any, of experts from the Council of Europe and OSCE been taken into consideration when drafting legislation establishing the regulatory body? Please provide specific examples of recommendations that were adopted or reasons for any that were not.

No relevant developments during the reporting period.

ii. What are the legal safeguards for the independence of the regulatory body, including rules or other mechanisms against interference from the political

sphere, and/or market players (e.g. appointment processes, funding arrangements, or statutory provisions, designed to protect against interference)?

No relevant developments during the reporting period.

iii. The organisational, technical, financial and human resources of the regulatory body, considering the tasks related to different audiovisual media service providers;

Pursuant to the Law of Ukraine “On Media”, 21 regulatory legal acts were approved, which regulated the issues of licensing and registration, inspections and official monitoring of media entities.

In November 2023, the media regulator also approved its Action Strategy for 2024-2026 for the first time in compliance with the requirements of the Media Law. This document defines the vision, mission, values of the media regulator, its main goals and tasks for the next three years.

The objectives of the Action Strategy are aimed at:

- improving the efficiency of the regulator's work;
- protection of the information space from the influence of the aggressor state;
- synchronisation of legislative processes in Ukraine and Europe;
- strengthening measures to protect children's rights and reduce discrimination in the media;
- establishing effective work of co-regulatory bodies;
- increasing the media literacy of society;
- stimulating the development of a competitive media environment;
- strengthening Ukraine's subjectivity in the international arena, and others.

To outline detailed measures to achieve the goals of the Action Strategy, the National Council developed and approved the Strategy Implementation Plan for 2024 in January 2024.

At the beginning of 2024, changes were made to the staffing structure of the media regulator (currently, the number of positions is 249). The issue of financial independence of the media regulator remains problematic, as the Law of Ukraine “On the State Budget” suspended the provisions of Articles 78 and 84 of the Law of Ukraine “On Media” regarding the specifics of remuneration of members of the National Council and employees of the National Council's staff. At the same time, the Order of the Cabinet of Ministers of Ukraine “On Approval of the Action Plan for Implementation of the Recommendations of the European Commission Presented in the Report on Ukraine's Progress under the European Union Enlargement Package 2023” No. 133-p dated 09.02.2024 provides for the development of proposals to resolve this issue.

In the reporting period, the process of digitalization of services continued. The first Stage of development of the Electronic Cabinet of Media Entities was completed. A number of media outlets will take part in its trial operation. Stage 2 is planned for 2024, which will include the development of functional modules, including document exchange, reporting, and automation of workflows for licensing and registration.

iv. The tasks of the regulatory body related to on-demand audiovisual media services and to video-sharing platforms, according to the Audiovisual Media Services Directive;

No relevant developments during the reporting period.

v. Recent examples of cases where the regulatory body issued a decision that had an impact on media freedom and independence;

There have been no such cases. All decisions of the media regulator are made in accordance with the requirements of the Law of Ukraine “On Media”.

No relevant developments during the reporting period.

vi. A list of the public and private broadcasters that have received a license, including information on how these organisations are financed.

During the period of validity of the Law of Ukraine “On Media” (from 31.03.2023 to 31.03.2024), the media regulator issued 77 licences (the list is available at the [link](#)). Of these broadcasters, the State Enterprise “Rada” Parliamentary TV Channel» is financed from the state budget. The rest are financed from municipal, public organisations and private resources.

vii. The criteria used for determining jurisdiction over audiovisual media services in your jurisdiction. Are there any restrictions on the reception or retransmission of audiovisual media services from other European States?

The criteria for jurisdiction are set out in the Law of Ukraine “On Media” and are in line with the Audiovisual Media Services Directive. With regard to restrictions on reception, in accordance with part 5 of Article 4 of the Law of Ukraine “On Media” does not restrict the reception or retransmission of radio channels, television channels, programme catalogues originating from countries that are members of the European Union, as well as other radio channels, television channels, programme catalogues whose content meets the requirements of the European Convention on Transfrontier Television, other international treaties of Ukraine ratified by the Verkhovna Rada of Ukraine, as well as the requirements established by the Law of Ukraine “On Media”.

• ***What (if any) are the provisions in the audiovisual legislation setting standards in the fields of audiovisual commercial communications?***

Standards in the field of audiovisual commercial communications were established by the Law of Ukraine “On Advertising”. 30.05.2023 the Law of Ukraine “On Amendments to the Law of Ukraine “On Advertising” and Other Laws of Ukraine on the Implementation of European Legislation into the National Legislation of Ukraine by Implementing Certain Provisions of the European Union Legislation in the Field of Audiovisual Advertising (European Convention on Transfrontier Television, Directive 2010/13/EU of the European Parliament and of the Council of 10 March 2010 on audiovisual media services as amended by Directive (EU) 2018/1808 of 14 November 2018)”, among other things, amendments were made to the Law of Ukraine “On Advertising”, which implemented EU standards into Ukrainian legislation on audiovisual commercial communications.

• ***What regulatory measures or incentives are in place to encourage the investment in certain types of programmes, such as cultural, educational, independent productions, European works, or programmes of specific geographical or linguistic origin?***

In order to ensure pluralism of opinions, satisfy and ensure the information rights of citizens, provide a variety of media services, create a business-friendly business media environment, develop civil society, and protect the rights of users of media services (information, entertainment, education, etc.), both in Ukrainian society as a whole and in certain ethnic and social communities, the National Council approved the relevant Action Strategy for its activities for 2024-2026. In January 2024, the Strategy Implementation Plan for 2024 was adopted by a corresponding decision, which provides for tasks and measures to achieve strategic goal 16 on the development of broadcasting channels and multichannel networks, and stimulation of a competitive media environment.

In addition, the Methodology for Calculating the Licence Fee and the Fee for Amendments to the Register of Media Entities, approved by the decision of the National Council dated 18.05.2023 No. 351 (as amended), provides for discounts on the licence fee for the distribution of programmes aimed at a certain audience, in particular children's programmes, as well as for the distribution of a national product. In addition, the said Methodology provides for a discount for the extension of the broadcasting licence, amendments to the Register regarding the licensee and the terms of the broadcasting licence for media entities whose transmitter location (frequency/channel (broadcasting program)) is located in the territories temporarily occupied by the Russian Federation, in the territories of possible hostilities or in the territories of active hostilities.

• ***What rules and regulations govern public and private media service***

providers? What rules ensure the editorial independence of the public media service provider? How is the financing of public media service providers structured to support their independence and objectivity? What was the progress made in the last year towards enhancing governance, transparency, and accountability of public and private media service providers?

No relevant developments during the reporting period.

• *Are there media policy rules in place for the protection of minors (e.g., content rating system, commercial communication targeted at children etc.)? Have specific rules been adopted for video-sharing platforms (e.g., age verification measures, processing of personal data of minors)?*

In Ukraine until 06.04.2023 there was the System of Visual Marks with an index of cinematic video products depending on the audience for which they are intended (approved by the decision of the National Council of 08.02.2012 No. 117 and registered with the Ministry of Justice of Ukraine on 24.02.2012 under No. 307/20620). In connection with the entry into force of the Law of Ukraine “On Media” and, among other things, amendments to the Law of Ukraine “On Cinematography” the above decision became invalid based on the decision of the National Council No. 305 dated 06.04.2023. Today, the Law of Ukraine “On Media” provides for the framework conditions for the dissemination of information that may be harmful to children: a watershed line (time limits), a conditional access system, mandatory informing the user about the restriction of the audience, and the use of special warnings. Linear media entities independently determine the age category of the audience and audience restrictions, guided by the classification criteria approved by the National Council together with the co-regulatory body. As of today, the co-regulatory bodies have not yet been established, so the application of these restrictions remains temporarily uncertain. The Law of Ukraine «On Media» does not provide for the creation of special rules for sharing platforms, but child protection requirements shall apply to all types of media. In addition, the Law of Ukraine «On Advertising» provides for special commercial communication that contains restrictions and prohibitions aimed at children.

• *What are the legal requirements for audiovisual media service providers regarding illegal or harmful content? Is there a definition of harmful content or guidelines on what constitutes harmful content?*

Article 42 of the Law of Ukraine “On Media” provides for the definition “information that may harm the physical, mental or moral development of children” and the criteria for such information (9 provisions), which can be considered as guidelines, as such criteria cannot be exhaustively defined by their nature. The law does not contain a precise definition of the term but attempts to define it through an inductive list of objects, the exhaustiveness of which is claimed to be complete.

● ***What mechanisms are in place to ensure a diverse and pluralistic media landscape, particularly in terms of media ownership transparency?***

Article 27 of the Law of Ukraine “On Media” provides for the principles of ensuring compliance with the requirements to the ownership structure. The Action Strategy of the National Council also stipulates the tasks of the media regulator, which include monitoring compliance of media entities with the requirements for transparency of the ownership structure, including by providing public access to information on the ownership structure, as well as overcoming the excessive influence of private interests in the media space of Ukraine and preventing the presence of the aggressor state (occupying power) in the ownership structure of a media entity. The mechanisms include:

- conducting research on compliance with the requirements for the ownership structure of media entities and making appropriate decisions on recognising the ownership structure of media entities as non-transparent if it is established that the ownership structure does not meet the requirements of the Law of Ukraine “On Media”;
- creating appropriate conditions for media entities to submit information on their ownership structure through the electronic cabinet;
- checking up-to-date information on the ownership structure on the websites of media entities (if any) and making such information available through the main menu of the website;
- requesting from media entities the information on the ownership structure;
- applying response measures to media entities for violations under the Law of Ukraine “On Media” for failure to promulgate up-to-date information on the ownership structure on their website (if any);
- control over the submission of financial statements of media entities defined by the Law of Ukraine “On Media” in cases stipulated by this Law;
- control over the submission of audit reports of media entities in certain cases.

● ***Please describe measures which have been taken in order to improve media literacy (e.g. introduction of media literacy in educational curriculum, teaching children how to make a responsible use of new media, critical thinking, etc).***

The Ministry of Education and Science of Ukraine together with the Council for International Scientific Research and Exchange (IREX) and in cooperation with the Academy of the Ukrainian Press are implementing the project "Study and distinguish: information media literacy in education". The goal of the project is to strengthen resistance to misinformation and manipulation by strengthening the skills of critical perception of information among educators and students and forming a

demand for quality information. In general, during 2023, two waves of recruitment to the project of teachers and schools from all regions of Ukraine, as well as educational institutions working abroad and subordinate to the Ministry of Education and Culture, were carried out. Based on the results of the competition, teachers were invited to participate in the further stages of selection, including preparatory self-study and training in basic skills of critical perception of information. 1,197 educators representing 783 educational institutions joined the project, of which 569 are new among the project's network of schools. From February to October 2023, the project's regional coordinators conducted a series of thirteen online sessions on media literacy for 341 teachers from 24 regions of Ukraine, including de-occupied territories.

7. SEMICONDUCTORS

• *Please provide details on the administrative capacity of the National Funding Authority for R&I in semiconductors/electronic components and systems (ECS), its organisation and of the relevant Ministry/ministries in charge of R&I in semiconductors/ECS.*

There is no separate financing of R&D in the field of semiconductors in Ukraine, and there is no National R&D funding body in the field of electronic components/semiconductors. Financing of Projects in semiconductor area takes place within the framework of the general budget/contract financing of science R&D. Main sources/competitions:

1. Ukrainian State budget financing of R&I (for universities and scientific institutions):

1.1 National Projects of Ukraine (State Agency for Investments and Management of National Projects of Ukraine - State Investments Project under the Cabinet of Ministers of Ukraine): the last national project in the field of semiconductors (in the field of III-V semiconductors) was developed but closed unapproved in 2013.

1.2 The National Research Foundation of Ukraine (NRFU). The National Research Foundation of Ukraine mainly finances fundamental scientific research based on an annual competition, in all fields of science, including in the natural, technical, social and humanitarian spheres (in the field of semiconductors as well). The term of execution is 2-3 years. Competition years 2024/25. The total amount of financing is UAH 100 million in 2024 and UAH 200 million in 2025. The maximum amount of financing per project is UAH 4.5 million.

1.3 Ministry of Education and Science of Ukraine: State budget funding of R&D (separately fundamental research and applied development) by thematic areas: 1. Mathematics, 2. Informatics and cybernetics, 3. General physics, 4. Nuclear physics, radio physics and astronomy, 5. Electronics, radio engineering and telecommunications, 6. Materials science, 7. Energy and energy efficiency, 8. Mineral extraction and processing technologies, 9. Environmental protection, 10.

Mechanics, 11. Mechanical engineering, 12. Instrumentation, 13. Aerospace engineering and transport, 14. Construction technologies, design, architecture, 15. Biology, biotechnology and current problems of medical sciences, 16. Chemistry, 17. Economics, 18. Law, 19. Pedagogy, psychology, youth and sports problems, 20. Social and humanitarian sciences, 21. Earth sciences, 22. Agricultural sciences and veterinary medicine, 23. Food technologies and industrial biotechnology. At the same time, the Cabinet of Ministers of Ukraine approved priority areas related to defense for this competition. Funding in 2025/26 should not exceed UAH 800,000 for theoretical works and UAH 1,200,000 for experimental works per year, the implementation period is 2 years for applied topics and experimental developments and 3 years for fundamental works.

1.4 Ministry of Education and Science of Ukraine: State Order of R&D- mainly semi-finished applied design work, recent years on subjects related to the security area of Ukraine in the fields of: 1. information and communication technologies; 2. energy and energy efficiency; 3. Rational nature management; 4. life sciences, new technologies for the prevention and treatment of the most common diseases; 5. new substances and materials. The term of execution is 2 years. Limited number of projects.

1.5 State budget funding of research institutes of the National Academy of Sciences of Ukraine (NAS of Ukraine): V.E. Lashkarev Institute of Semiconductor Physics, Research Institute of Microdevices, O.Ya. Usykov Institute of Radiophysics and Electronics, I.M. Frantsevich Institute of Problems of Materials Science, Institute of Single Crystals, etc.

2. Financing to the order of departments/enterprises/companies

3. Foreign grants (including former Horizon 2020 and present Horizon Europe opportunities for Ukraine)

• Please explain your readiness to ensure that administrative applications related to the planning, construction and operation of integrated production facilities and open EU foundries are processed in an efficient, transparent and timely manner. To that end, please explain how to comply with the obligation of ensuring that the most rapid treatment legally possible is given to these applications in a manner that fully respects national law and procedure. Please provide details regarding your capacity to designate an authority (including a coordinator who would act as single point of contact) responsible for facilitating and coordinating these administrative applications.

Ukraine recognizes the importance of timely decision-making to support private investment and innovation in the semiconductor sector. Therefore, we are committed to expediting the processing of administrative applications within established legal frameworks while upholding principles of due process and regulatory compliance.

Ukraine will conduct a National Audit of technical capabilities, manufacturing

facilities, and human resources to assess its readiness to ensure that administrative applications related to the planning, construction, and operation of IPF and OEF are processed efficiently, transparently, and in a timely manner. This audit will encompass a comprehensive evaluation of Ukraine's existing infrastructure, technological expertise, and workforce capacity relevant manufacturing tasks and related activities. By assessing these factors, Ukraine aims to identify strengths, weaknesses, and areas for improvement in its ability to support the establishment and operation of its domestic IPFs and OEF in accordance with EU requirements aiming to obtain “first-of-a-kind” label.

To comply with the obligation of ensuring that the most rapid treatment legally possible is given to applications related to semiconductor activities, Ukraine is in the process of developing its own ChipsAct UA, which will serve as the national law and procedure governing semiconductors within our jurisdiction. This ChipsAct aims to establish a comprehensive regulatory framework that addresses various aspects of semiconductor production, trade, and utilization, while also ensuring alignment with EU standards and best practices.

It's crucial to emphasize that Ukraine's national ChipsAct UA is not intended to compete or conflict with the European ChipsAct. Instead, it is intended to complement it in various aspects, thereby fostering synergies and cooperation between Ukraine and the European Union in the semiconductor domain.

Moreover, Ukraine's national ChipsAct will incorporate provisions that complement the objectives of the European ChipsAct, particularly in areas where national-level regulations can enhance the effectiveness of EU initiatives and create an attractive micro-climate (or a special economic zone) for private investors. This may include specific provisions tailored to address the unique needs and priorities of Ukraine's defense industry, while also contributing to broader EU objectives such as 20% of global semiconductor market by 2030 in Europe, as well as sustainability, and security in the semiconductor value chain.

• In the context of the regular monitoring of the semiconductor value chain with a view to identifying factors that may disrupt, compromise or negatively affect the supply of semiconductors or trade in semiconductors, could you report on your ability to monitor the integrity of activities carried out by the key market actors (identified pursuant to Article 21 of the Chips Act) and your ability to report on major events that may hinder the regular operations of such activities? Have you already done a similar national exercise?

The Ministry of the Digital Transformation of Ukraine is working on the implementation of the robust monitoring framework with the dedicated API. This framework supposed to be based on the national-certified Diia Platform and will include a dashboard with regular assessments of the key market activities and indicators of the key market actors to ensure compliance with regulations and to identify any potential risks or disruptions in the semiconductor value chain.

Ukraine completely shares the importance of reporting on major events that

may hinder the regular operations of activities within the semiconductor value chain. For this purpose, the proactive mechanisms for event detection and response are being developed. These mechanisms include but not limited to continuous monitoring of geopolitical status, global market trends, value chain and supply chain dynamics, that could impact semiconductor ecosystem. We maintain close communication with key stakeholders of the market to quickly identify and address any emerging challenges. We have a strong belief that the new Diia Platform`s application (code name: DiiaChip) will bring more automation and contribute to digitalization of such processes.

While Ukraine has not specifically conducted a national exercise identical to the one outlined in your query, we have undertaken similar initiatives to assess and mitigate risks of accessing critical components for our defense within the semiconductor supply chain, particularly considering such geopolitical events as global chip shortage, the Chip War and the war in Ukraine caused by Russian`s full-scale invasion.

Recognizing the potential implications of disruptions in key semiconductor manufacturing regions, including Ukraine, we have intensified our monitoring efforts and collaboration with industry stakeholders. This includes closely monitoring developments in Ukraine and assessing their potential impact on semiconductor production and trade. Additionally, we have engaged in dialogue with international partners and relevant authorities to exchange information and coordinate response measures to ensure the resilience of the semiconductor value chain in the face of geopolitical challenges. Our proactive approach to risk assessment and mitigation enhances our readiness to address any disruptions or compromises in semiconductor supply or trade, including those arising from geopolitical factors affecting regions such as Ukraine.

• In the context of the strategic mapping that the European Semiconductor Board carries out, could you report on whether you already have structured information that would help identifying the sectors and products that rely on or make extensive use of semiconductor technologies and need certified green, trusted and secure chips?

The following efforts that include analyzing supply chains, market demand /capacity/ trends and technological dependencies across various sectors have been conducted. Through these analyses, Ukraine has identified its local Net-Zero, Agtech (precise agriculture) Defense/Aerospace sectors (including disruptive and innovative so-called “Unmanned Systems”) and AI-driven products as critical applications where the use of certified green, trusted, and secure chips is essential for ensuring sustainability, security, and reliability.

Furthermore, Ukraine remains committed to enhancing its capabilities in this regard by fostering partnerships with EU R&D organizations, universities, IDMs, participating in relevant activities, and leveraging available human resources (talents) to strengthen our expertise in semiconductor applications including

cutting-edge technologies and their implications for different sectors.

• Have you already identified one or more national competent authorities for the purpose of ensuring the application and implementation of the Chips Act at national level, including the participation in the Semiconductor Committee mentioned in Article 38? Have you identified who would be the national single point of contact to exercise a liaison function to ensure cross-border cooperation with national competent authorities of other Member States, with the Commission and with the European Semiconductor Board?

The Ministry of Digital Transformation of Ukraine has developed a draft Strategy for the Development of Innovative Activities of Ukraine till 2030. The draft strategy envisages Goal 7. Semiconductor technologies (semiconductors). Currently, the national competent authorities for the purpose of ensuring the application and implementation of the Chips Act at national level have not been determined by legislative acts. This requires amendments to the Regulation on activity of the respective authority. At the same time, the developer of the draft Strategy and the coordinator of its future implementation is the Ministry of Digital Transformation of Ukraine.

Information on anti-corruption mainstreaming

Chapter 10 - Information society: consider whistle-blower protection and existence of anonymous and confidential disclosure mechanisms.

Anti-Corruption Strategy and State Anti-Corruption Programme In Ukraine, the Anti-Corruption Strategy for 2021-2025 has been adopted, which is being implemented through the State Anti-Corruption Programme for 2023-2025. The State Anti-Corruption Programme for 2023-2025 implies the implementation of 63 IT products in various areas of public administration (healthcare, reconstruction of Ukraine, judiciary, law enforcement, economy, land relations, construction etc.). IT products will facilitate the digital transformation of public authorities' powers and minimize corruption risks. On 09.06.2023, the Cabinet of Ministers of Ukraine established an Interdepartmental working group on implementation of measures in the field of digitalization provided for by the State anti-corruption program for 2023-2025 (hereinafter - IWG), chaired by the Minister of Digital Transformation and the Head of the NACP. The IWG includes international donors, the Ministry of Finance of Ukraine, the Ministry of Justice of Ukraine, and others. The IWG helps to resolve issues of raising funds and coordinating the actions of the authorities for the quality and timely implementation of IT products. In September 2023, the NACP launched the Unified Whistleblower Reporting Portal. This digital resource, in addition to its direct corruption prevention functions, has another important mission - to create a culture of whistleblowing in Ukrainian society, which should result in a significant

reduction in corruption and increased public sector accountability⁶¹.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ achieve full alignment with EU roaming legislation

Following the Decision No. 1/2023 of the EU-Ukraine Association Committee in Trade configuration of 24 April 2023 modifying Appendix XVII-3 (Rules applicable to telecommunication services) of Annex XVII to the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part, the NCEC is actively working on the practical implementation of the EU acquis on roaming. Currently, the draft law of Ukraine on the implementation of the provisions of European legislation on roaming (No. 10265) is being finalised for the second reading (adopted in the first reading February 23, 2024), which is aimed at amending two sectoral laws - the Law on Electronic Communications and the Law on the Regulator. The work on this draft law takes place within the working group, which includes representatives of the Parliamentary Committee on Digital Transformation, the National Commission for State Regulation in the Spheres of Electronic Communications, Radio Frequency Spectrum and Provision of Postal Services, the Ministry of Digital Transformation of Ukraine and electronic communications operators of Ukraine.

→ ensure the necessary financing and human resources for enacting the legal rules on expansion of the Regulator's competencies (both telecommunications and media regulator) and for the performance of the central executive bodies in the area of electronic communications

Telecommunications Regulator

Considering the previous information on the matter of financing of the Regulator (as well as a co-dependent matter of relevant human resources), it should be noted that the negative situation (which could certainly be connected to the difficult economic situation as a result of the full-scale armed aggression against Ukraine) regarding suspension of Article 19 of the Law on the Regulator by the Law on the State Budget, as well as partial fulfillment of the Article 18 (financial independence) related to the mechanism for financing of the Regulator and its Staff currently remains an issue.

⁶¹ See also Chapter 23: Judiciary and fundamental rights. Fight against corruption - 3. INSTITUTIONAL FRAMEWORK A. Prevention

At the same time, the state service remuneration reform implemented in early 2024 allowed for a significant increase of salaries across the board which should supposedly partially curtailed the issue of attracting experts with necessary expertise.

Media Regulator

At the beginning of 2024, changes were made to the staffing structure of the media regulator (currently, the number of positions is 249). The issue of financial independence of the media regulator remains problematic, as the Law of Ukraine “On the State Budget” suspended the provisions of Articles 78 and 84 of the Law of Ukraine “On Media” regarding the specifics of remuneration of members of the National Council and employees of the National Council's staff. At the same time, the Order of the Cabinet of Ministers of Ukraine “On Approval of the Action Plan for Implementation of the Recommendations of the European Commission Presented in the Report on Ukraine's Progress under the European Union Enlargement Package 2023” No. 133-p dated 09.02.2024 provides for the development of proposals to resolve this issue.

Central executive body in the area of electronic communications (Ministry of Digital Transformation of Ukraine since September 1, 2023)

To strengthen the personnel capacity of the central executive body in the fields of electronic communications and radio frequency spectrum within the Ministry of Digital Transformation of Ukraine, the transfer of qualified specialists from the State Service of Special Communications and Information Protection of Ukraine was ensured.

Also, the Ministry of Digital Transformation of Ukraine started cooperation with the project "The Digital Transformation Activity" (DTA), in which experts are involved to help in the implementation of policy in the fields of electronic communications and radio frequency spectrum.

This program is aimed at expanding Ukraine's digital capabilities and creating sustainable ecosystems for a safe and successful future with funding from USAID and UK Dev.

→ further align with the EU Directive on security of network and information systems (NIS)

Measures continue to be taken to establish requirements for digital service providers regarding cybersecurity and cyber protection of the network and information systems they use.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

**CLUSTER 3: Competitiveness
and Inclusive Growth**

CHAPTER 16 – Taxation

ЄШУА

УКРАЇНА

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ЄВРОПА

Answers to the Guiding Questions

1. INDIRECT TAXATION: VALUE ADDED TAX AND EXCISE DUTIES

● ***VAT rates. Is the standard VAT rate at least 15% and any reduced rate at least 5%? Are all goods and services subject to the reduced VAT rate included in Annex III of the VAT Directive? List those which are not, and those with rates lower than 5%.***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

In terms of the 14% rate applied in the Tax Code.

Starting from 01.01.2023, Annex III (clause 1) to Directive 2006/112/EU (Directive on the Common System of VAT dated 28.11.2006 № 2006/112/EU) was amended to provide for the reduction of the rate for supply transactions, including seeds, plants and ingredients normally intended for use in the preparation of food.

Thus, the taxation at the 14% VAT rate applicable in Ukraine (sub-clause «d» of clause 193.1 of Article 193 of the Tax Code) of supply transactions in the customs territory of Ukraine and importation of agricultural products into the customs territory of Ukraine corresponds to Directive 2006/112/EU.

● ***Are exemptions from VAT without right to input deduction aligned with Directive 2006/112/EC (art. 132(1) and 135)? Are the transactions exempt from VAT with the right for input deduction aligned with the VAT Directive (art. 169(b))? Are supplies of goods intended to be placed in free zones VAT exempt?***

The provisions of the Tax Code in terms of VAT exemption are generally consistent with the provisions of Article 132(1) and Article 135 of Directive 2006/112/EU, and the taxpayer does not have the right to deduct such transactions from the tax liabilities.

The provisions of Article 169(b) of Directive 2006/112/EU are partially consistent with the provisions of the Tax Code, in particular, in terms of taxation:

- imports of goods subject to both exemption from taxation and conditional full exemption from taxation with the right to input VAT deduction, which also applies to services related to the import of goods included in the customs value of the goods;
- export of goods subject to a 0% rate with the right to input VAT deduction;
- import/export of goods to a customs warehouse is subject to conditional full tax exemption.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Is the definition of VAT taxable person aligned with the acquis? When are public bodies treated as taxable persons?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Is VAT refunded to taxable persons promptly? Are taxable persons not established in country X but established in the EU entitled to the refund of VAT paid in your country? Is VAT refund for tourists implemented?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

VAT amounts that are not refunded to taxpayers within the period specified in Article 200 of the Tax Code are considered to be VAT refund arrears to the budget (clause 200.23 of Article 200 of the Tax Code).

A penalty is charged on the amount of such debt. Penalty accrual shall not be performed in the event of:

force majeure (circumstances of insuperable force) in connection with the introduction of martial law or a state of emergency;

a decision of the National Security and Defense Council of Ukraine on the application of special economic sanctions.

As of 01.04.2024, the Register does not contain any VAT amounts agreed for budget refund and not refunded by the State Treasury Service of Ukraine in accordance with clause 55 of subsection 2 of section XX «Transitional Provisions» of the Tax Code.

Persons not registered in Ukraine but registered in the EU or other countries are entitled to a VAT refund only if it is provided for by an international treaty ratified by the Verkhovna Rada of Ukraine.

- ***Special schemes: Describe briefly any special schemes for VAT taxation.***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are there tobacco excise duties on at least the same product categories as in Directive 2011/64/EU? Are excisable products defined similarly? Is the weighted average retail (WAR) selling price used as reference for excise taxation? What is the WAR for cigarettes in your country?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Does the cigarette excise duty have a specific and an ad valorem component?***

The legislation of Ukraine provides for a gradual increase until 2025 of specific rates for cigarettes and cigarillos and the minimum tax liability to a level equivalent to 90 EUR per 1,000 pieces, which corresponds to the provisions of Directive 2011/64/EU.

However, due to the high level of inflation, the above-mentioned schedule for increasing excise duty rates on tobacco products did not achieve the expected effects. In this regard, the Ministry of Finance of Ukraine developed a draft Law of Ukraine "On Amendments to the Tax Code of Ukraine regarding revision of the Excise duty rates on Tobacco Products", which propose an additional schedule for increasing excise duty rates on tobacco products until 2028 to reach the European minimum level with the simultaneous expression of the monetary unit of their measurement in foreign currency.

On March 15, 2024, this draft Law was approved at a meeting of the Government of Ukraine and registered in the Verkhovna Rada of Ukraine on March 18, 2024 (registered No. 11090).

- ***Taking WAR, please translate the country excise duty on cigarettes in terms of EUR/1000 cigarettes.***

Taking into account the fact that WAR (weighted average retail) in Ukraine will come into effect on January 1, 2025, calculations were made on the basis of the average consumer price of cigarettes in Ukraine and the excise tax rates set for 2023 in the amounts for the ad valorem component - 12% , for a specific one - UAH 1,567.64/1000 pcs.

The corresponding results show that the excise tax on cigarettes in terms of EUR/1000 pcs is 49.14 EUR/1000 pcs.

According to a similar calculation based on the average consumer price of cigarettes and the excise duty rates effective in 2024, the excise duty on cigarettes amounts to EUR 59.79/1000 pcs.

- ***What are the excise taxation levels in other tobacco products?***

The excise duties on other tobacco products is set at the same rate, the amount of which in 2023, according to the schedule for increasing the level of excise taxation, is UAH 1,969.51 per 1 kilogram (net), which is converted to EUR/1,000 pcs at the exchange rate as of 03.23.2023 is 49.96 EUR per 1 kilogram (net).

Such a rate in 2024 is set at the level of UAH 2,363.4 per 1 kilogram (net). As of April 2024 this amounts to EUR/1000 pieces at EUR 56.15 per 1 kilogram (net).

From 1 January 2024 to 31 December 2024, the following tax rates and

descriptions of taxable goods are established for tobacco products, tobacco and industrial tobacco substitutes

Tobacco raw materials, tobacco waste UAH 2363.4 per 1 kilogram (net);

Cigars, including cigars with cut ends, with tobacco content of UAH 2363.4 per 1 kilogram (net);

Cigars, including cigars with cut ends, with tobacco content of UAH 1881.7 per 1000 pieces;

Filterless cigarettes, cigarettes 1881.7 UAH per 1000 pieces;

Cigarettes with a filter UAH 1881.7 per 1000 pieces;

Other manufactured tobacco and manufactured tobacco substitutes; "homogenised" or "reconstituted" tobacco; tobacco extracts and essences UAH 2363.4 per 1 kilogram (net);

Tobacco-containing products for electric heating (TCP) using an electronically controlled heater - UAH 2516.54 per 1000 pieces.

The tax rate on other nicotine-containing products for oral use is set to be effective from 1 September 2024 to 31 December 2024 and will amount to UAH 2363.4 per 1 kilogram (net).

- ***Are alcoholic beverages classified as per Directive 92/83/EC?***

The Ministry of Finance of Ukraine has developed a draft Law of Ukraine "On Amendments to the Tax Code of Ukraine on Approximation of the Legislation of Ukraine to the Legislation of the European Union in Excise Duty". In particular, the draft Law provides for the introduction of the concept of "intermediate products" and the equalization of excise duty rates on intermediate products and sparkling wines in accordance with the Directive 92/83/EC. On March 6, 2024 the draft Law was submitted to the Government of Ukraine.

- ***Are the rules defining the tax base of each alcohol product as per Directive 92/83/EC?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Is there any reduction in taxes applied for small producers? If so, for which products?***

The TCU does not provide for the application of a preferential excise tax regime for small producers.

At the same time, Article 215 of the TCU establishes a minimum excise tax rate of UAH 0.01 per litre for ordinary (non-sparkling) wines, grape must, fermented

beverages with an actual strength of more than 1.2 per cent by volume of ethyl alcohol, but not more than 15 per cent by volume of ethyl alcohol, provided that the ethyl alcohol contained in the finished product is of fully enzymatic (endogenous) origin. Citizens who produce alcoholic beverages for their own consumption are not subject to the excise tax.

The Law of Ukraine No. 481/95-BP dated 19 December 1995 "On State Regulation of Production and Circulation of Ethyl Alcohol, Alcohol Distillates, Alcoholic Beverages, Tobacco Products, Liquids Used in Electronic Cigarettes and Fuel" (hereinafter - Law No. 481) defines the basic principles of state policy on regulation of production, export, import, wholesale and retail trade in ethyl alcohol, alcohol distillates, bioethanol, alcoholic beverages, tobacco products, liquids used in electronic cigarettes and fuel, ensuring their high quality and protecting public health, as well as strengthening the fight against the illegal production and circulation of alcoholic beverages, tobacco products, liquids used in electronic cigarettes and fuel in Ukraine, in particular, the procedure for licensing the production and circulation of alcoholic beverages. This Law does not apply to retail trade, table wines, except as provided for by this Law, as well as for the production of grape and fruit and berry wines, honey drinks, liqueurs and tinctures made by citizens at home for their own consumption.

On 03 September 2023, the Law of Ukraine dated 09 August 2023 No. 3303-IX "On Amendments to the Tax Code of Ukraine and Certain Laws of Ukraine on the Development of Winemaking and Simplification of Economic Activities of Small Winemakers" (hereinafter - Law No. 3303) came into force, which introduced amendments providing for the establishment of preferences for such producers by :

- submission of an application for a licence for the production of wine products by such producers shall be carried out exclusively in electronic form;
- simplification of requirements for the material and technical base;
- production of alcoholic beverages from wine materials made not only from own-grown raw materials (fruits, berries, honey), but also from purchased raw materials, provided that they are of exclusively Ukrainian origin;
- wholesale trade of alcoholic beverages from wine materials made from purchased raw materials with a licence (UAH 30,000), while from wine materials made from own raw materials - without a licence for such trade;
- annual (instead of monthly) submission of a report on production and/or turnover volumes.

Its purpose is to bring national legislation in line with international practices and current trends in the development of the wine industry; remove unreasonable administrative barriers to the activities of business entities engaged in the production of grape wines, fruit and berry wines and/or honey beverages; create favourable conditions for the development of small wineries in Ukraine.

On 23 November 2023, the Law of Ukraine dated 29 June 2023 No. 3193-IX

"On Amendments to the Tax Code of Ukraine and Certain Laws of Ukraine on Simplification of Conditions for Production of Distillates by Small Businesses" came into force, which introduced amendments providing for the establishment of preferences for small distillates production by small businesses by way of a tax exemption:

- requirements for the material and technical base of small distillate production facilities;

- export and wholesale trade of alcohol distillates of own production, without obtaining a separate licence;

- the right to carry out wholesale trade in alcoholic beverages produced from alcohol distillates of own production in a volume not exceeding 10,000 decalitres per calendar year on the basis of a licence for the production of alcoholic beverages, the cost of which is UAH 30,000, instead of UAH 500,000;

- quarterly (instead of monthly) submission of a report on production and/or turnover volumes.

The provisions of the Law are in line with the provisions of EU Regulation 2019/787 of 17 April 2019 on the definition, description, presentation and labelling of alcoholic beverages, the use of names of alcoholic beverages in the presentation and labelling of other food products, the protection of geographical indications of alcoholic beverages, the use of ethyl alcohol and distillates of agricultural origin in alcoholic beverages, repealing Regulation (EC) No 110/2008.

In addition, the draft Law of Ukraine "On State Regulation of Production and Circulation of Ethyl Alcohol, Alcohol Distillates, Bioethanol, Alcoholic Beverages, Tobacco Products, Tobacco Raw Materials, Liquids Used in Electronic Cigarettes and Fuel", registration No. 10346 of 14 December 2023, has been registered with the Verkhovna Rada of Ukraine, which provides for the definition of small beer production and requirements for them in line with EU Directive 92/83/EC.

- ***Is production for personal consumption taxed?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are excise duties levied on every energy product listed in Article 2 of Directive 2003/96/EC? Are excise duties charged in the same or equivalent units as in the acquis?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Is excise taxation aligned with EU minima excise taxation for the different categories of energy products?***

The draft Law of Ukraine "On Amendments to the Tax Code of Ukraine Regarding the Approximation of the Legislation of Ukraine to the Legislation of the European Union in Excise Duty" developed by the Ministry of Finance of Ukraine also provides for the implementation of a schedule for increasing excise duty rates on fuel until 2028, until reaching the minimum level stipulated by Directive 2003/96/EU (On March 6, 2024 the draft Law was submitted to the Government of Ukraine

- ***Are mineral oils subject to reduced rates, marked for tax purposes?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Is there an effective system to control and monitor the movement of excisable products under excise suspension so that the excise duties are effectively charged upon release for consumption?***

The Law of Ukraine No. 3173-IX dated 29 June 2023 "On Amendments to the Tax Code of Ukraine and Other Laws of Ukraine in connection with the Introduction of Electronic Traceability of Turnover of Alcoholic Beverages, Tobacco Products and Liquids Used in Electronic Cigarettes" was adopted, which provides for the introduction of electronic traceability of turnover of alcoholic beverages and tobacco products, liquids used in electronic cigarettes, and an electronic excise tax stamp starting from 1 January 2026. Determining the legal and organisational framework for digital identification, electronic traceability, circulation of alcoholic beverages and tobacco products, liquids used in electronic cigarettes with the use of an "electronic stamp" is aimed at strengthening control over their circulation and combating illicit trafficking. Unlike a paper stamp, such an electronic stamp allows you to identify and track the movement of goods from the manufacturer/importer to the final seller in the retail network, using data from cash registers ("cash registers") and can be applied in two ways: directly to the unit package or using another medium that is used to mark the unit package.

The introduction of the Electronic System will allow:

- reduce administrative burden for businesses and increase consumer confidence in products;

- attract consumers to cleanse the market of counterfeit products, who will be able to directly obtain information about the product using a mobile application, as well as contact law enforcement or regulatory authorities in case of counterfeiting.

The system will provide new opportunities for regulatory authorities to effectively control the circulation of excisable goods labelled with electronic stamps: simplification of control functions; expansion of analytical capabilities; creation of the most convenient way to visualise data (dashboard); reduction of the shadow market share of alcoholic beverages, tobacco products and liquids used in e-cigarettes by strengthening control over their circulation; increase in budget

revenues.

The introduction of the Electronic System is also due to the need to implement the legislation of Ukraine in line with the legislation of the European Union in terms of the circulation of excisable goods, and the approaches laid down in particular:

Directive 2008/118/EU of the European Parliament and of the Council of 16 December 2008 on the common regime of excise duties and repealing Directive 92/12/EU;

Directive 2014/40/EU of the European Parliament and of the Council of 03 April 2014 on the approximation of the laws, regulations and administrative provisions of the Member States concerning the production, presentation and sale of tobacco products and related products and repealing Directive 2001/37/EU (hereinafter referred to as Directive 2014/40/EU);

Commission Implementing Regulation (EU) No. 2018/574 of 15 December 2017 on technical standards for the establishment and operation of a tobacco tracking system.

● ***Travellers: Are tax free shops practices compliant with acquis? Do they exist at land borders? Are incoming travellers' allowances compliant with acquis (Directive 2007/74/EC)?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

For transactions with goods placed under the duty-free customs regime (clause 206.11 of Article 206 of the Tax Code):

- when imported into a duty-free shop, a conditional full exemption from VAT is applied;
- when exported to a duty-free shop, the 0% VAT rate applies.

2. DIRECT TAXATION

● ***Are financial intermediaries (e.g. banks) required to inform the tax authorities of country X of recipients of savings income?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***Does country X provide deferral of taxation for company status changes such as those foreseen in the Merger Directive (Council Directive 2009/133/EC)?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are there rules on consolidating of companies for tax purposes in place in country X when there is a company having control over other? Are those rules equivalent/similar to EU rules (Council Directive 2013/34/EU)***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are there rules in place in country X on taxation of cross-border payments of interest and royalties? (e.g. withholding tax, CIT, etc., any double taxation agreements that lower the tax rate?) (Council Directive 2003/49/EC).***

Interest and royalty income paid by a resident to a non-resident legal entity with the source of their origin in Ukraine is taxed at a rate of 15 %. Ukraine's international treaties for the avoidance of double taxation provide for cases when this rate may be lower. Provided a number of requirements set out in the Tax Code of Ukraine and the relevant treaty, the tax agent shall apply on payment such a reduced rate (0%; 5%; 10%).

- ***Are there rules in place in country X on the taxation of cross-border distribution of profits/dividends (e.g. withholding tax, CIT, etc.) any double taxation agreements hat lower the tax rate)? (Council Directive 2011/96/EU).***

Dividend income paid by a resident to a non-resident legal entity with its source of origin in Ukraine is taxed at a rate of 15 %. Ukraine's international treaties for the avoidance of double taxation provide for cases when this rate may be lower. Provided a number of requirements set out in the Tax Code of Ukraine and the relevant treaty, the tax agent shall apply on payment such a reduced rate (0%; 5%; 10%).

- ***Does the country X have rules on transfer pricing concerning transactions between related persons? Do those rules follow the OECD model?***

Transfer pricing rules are presented in Article 39 of the Tax Code of Ukraine. The OECD Transfer Pricing Guidelines are not incorporated in Ukrainian legislation, however, the TPG are considered as internationally accepted guidance providing explanation and clarification (application) of the arm's length principle and Ukrainian Transfer pricing rules tend to rely on the OECD TPG.

In addition, the Order of the Ministry of Finance of Ukraine No. 19 dated 18.01.2022 approved the Procedures for establishing the compliance of the controlled transactions in relation to commodities with the arm's length principle. The Order defines separate procedures for transactions of:

- export of grain, oilseed products and products of their processing;
- export of iron ore raw materials;

- import of thermal and coking coal;
- import of petroleum products and liquefied hydrocarbon gases;
- export of cast iron, ferrous scrap metal and ferrous metal products;
- export and import of ferroalloys.

- ***Are capital duties or similar taxes (Directive 2008/7/EC) applied on the raising of capital?***

No relevant developments during the reporting period.

- ***What is the state of reflection, preparation, or implementation in country X for participating in or reacting to the project of the G20/OECD Globe Rules on minimum effective taxation for large multinational companies (Pillar 2)? (Council Directive (EU) 2022/2523)?***

During the 15th plenary meeting of the OECD/G20 Inclusive Framework on BEPS, which took place on 10-12 July 2023 in Paris, Ukraine together with 137 members of the Inclusive Framework on BEPS agreed an Outcome Statement on the Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy.

The Ministry of Finance of Ukraine supports the introduction of the Two-Pillar Solution aimed at preventing taxpayers belonging to the largest International Groups of Companies from eroding their tax base and shifting their profits away from taxation, as well as preventing such taxpayers from using aggressive tax planning schemes.

A preliminary assessment of the tax implications of the implementation of the Two-Pillar Solution in Ukraine is currently underway, as well as an assessment of the scope of changes to the legislation with the identification of relevant regulations.

- ***How many companies with a revenue above 750mn euro per year are present in country X' jurisdiction?***

According to the Notifications on Participation in an International Group of Companies submitted by the taxpayers for the year of 2022, 648 taxpayers are the members of International Group of Companies with a total consolidated revenue for the financial year preceding the reporting year exceeding EUR 750 million (about 453 International Groups of Companies)*.

** the assessment does not take into account the data of legal entities paying Corporate Income Tax (CIT) that did not carry out controlled transactions in accordance with the provisions of Article 39 of the Tax Code of Ukraine and, therefore, were not obliged to submit a Notification on Participation in an International Group of Companies, as well as the data of legal entities participating*

in International Groups of Companies that are Single Tax (ST) payers of Groups III and IV, as such legal entities do not submit information and reporting forms required for legal entities paying Corporate Income Tax (CIT).

- ***Are there rules in place in country X to fight tax avoidance? If so, what are those rules (e.g. general anti-abuse rule, controlled foreign company rules, interest limitation rules, exit tax, etc.)?***

Yes, they do. The TCU sets out the relevant rules, in particular:

Regarding controlled foreign companies, defined in Article 392.

Sub-clause 392.2 of clause 392 of Article 39 of Section I of the TCU provides for taxation of profits of a controlled foreign company.

Regarding the limitation of interest (thin capitalisation rules), defined in paragraphs 140.1, 140.2, 140.3 of Article 140 of Section III of the TCU. Restrictions are set for the taxation of interest on debt obligations (under any credits, loans, deposits, repurchase transactions, financial leasing agreements and other borrowings) if the amount of the payer's debt obligations arising from transactions with non-residents exceeds the amount of equity capital by more than 3.5 times.

Regarding the existence of a reasonable economic reason (business purpose) in transactions with non-residents, the concept of which is defined in sub-clause 14.1.231 of clause 14.1 of Article 14 of the TCU for the purposes of applying Article 39 of the TCU (transfer pricing), as well as for applying adjustments that increase the financial result before taxation in accordance with sub-clauses 140.5.4 (regarding the cost of purchased goods, works, services), 140.5.51 4 (regarding the cost of sold goods, works, services), 140.5.6 (regarding royalty accrual expenses).

With regard to the exit capital tax, the taxation of transactions of Diia City residents is subject to special conditions.

Paragraph 137.10 of Article 137 of the Tax Code, taking into account the provisions provided for in paragraph 135.2 of Article 135 of the Tax Code and paragraph 141.9.1 of Article 141 of the Tax Code, defines the peculiarities of calculation and payment of corporate income tax by Diia City residents - taxpayers on special conditions, in respect of certain transactions specified by the Tax Code.

- ***How are cross-border workers from other countries that come work in country X taxed (applicable tax rate, taking into account of personal and family circumstances for tax benefits, etc.)***

According to sub-clause 170.10.1 of clause 170.10 of Article 170 of the TCU, income with a source of origin in Ukraine accrued (paid, provided) in favour of non-residents is taxed according to the rules and rates determined for residents (taking into account the specifics determined by certain provisions of this section for non-residents).

The tax rate is 18% of the tax base in respect of income accrued (paid, provided) (except as specified in paragraphs 167.2 - 167.5 of Article 167 of the TCU), including, but not limited to, in the form of: salary, other incentive and compensation payments or other payments and remuneration accrued (paid, provided) to the payer in connection with employment relations and under civil law contracts (paragraph 167.1 of Article 167 of the TCU). Pursuant to clause 169.1 of Article 169 of the Tax Code, taking into account the provisions of the first paragraph of sub-clause 169.4.1 of clause 169.4 of Article 169 of the Tax Code, a taxpayer is entitled to reduce the amount of total monthly taxable income received from one employer in the form of wages by the amount of tax social benefit.

The said income is also subject to military taxation (sub-clause 1.2 of clause 161 of subsection 10 of section XX "Transitional Provisions" of the Tax Code).

The rate of the military fee is 1.5 per cent of the taxable object specified in sub-clause 1.2 of clause 161 of subsection 10 of section XX "Transitional Provisions" of the Code (sub-clause 1.3 of clause 161 of subsection 10 of section XX "Transitional Provisions" of the TCU).

3. ADMINISTRATIVE CO-OPERATION AND MUTUAL ASSISTANCE

• *Has the country completed double taxation agreements with all EU Member States?*

Ukraine has concluded double taxation agreements with all EU member states.

○ *Do these double taxation agreements contain anti-abuse or loss of benefit clauses?*

Within the implementation of the OECD Action Plan to Counteract Base Erosion and Profit Shifting (the «BEPS Action Plan»), Ukraine joined the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the «MLI»), which entered into force for Ukraine on 1 December 2019.

Ukraine has extended the MLI to all existing double taxation treaties, including with all EU Member States.

The MLI establishes the Principal Purpose Test (PPT), according to which a person cannot take advantage of the benefits provided by the provisions of double taxation treaties if obtaining such benefits was the main or one of the main purposes of the agreement concluded by such person or any other actions of the taxpayer.

Article 7(1) of the MLI⁶² «Prevention of Treaty Abuse» replaces the relevant

⁶² Notwithstanding any provisions of a Covered Tax Agreement, a benefit under the Covered Tax Agreement shall not be granted in respect of an item of income or capital if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these

provisions of (applicable to) double taxation treaties with the following EU Member States: Belgium, Bulgaria, Greece, Denmark, Estonia, Ireland, Cyprus, Latvia, Lithuania, Luxembourg, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Hungary, Finland, France, Croatia.

The agreements with Belgium, Cyprus, Ireland, Lithuania, Luxembourg, Malta, Malta and Hungary additionally apply **Article 7(4) of the MLI**⁶³ on Prevention of Treaty Abuse

The bilateral agreements with Austria, Denmark and the Netherlands were supplemented with provisions on prevention of treaty abuse (corresponding to Article 7(1) and (4) of the MLI) **by concluding the relevant Protocols amending the bilateral agreements.**

As regards the double taxation **treaties with Italy and Sweden**, the provisions of Article 7(1) of the MLI will apply to them after the MLI enters into force in these jurisdictions.

Concerning the other jurisdictions that have not extended the MLI to the agreement with Ukraine.

Germany: Ukraine and Germany have reached an agreement to update the current bilateral agreement on the avoidance of double taxation, which will include the provisions of paragraph 1 of Article 7 of the MLI. Internal procedures necessary for the conclusion of an international agreement are currently ongoing.

Spain: Currently, the agreement on avoidance of double taxation concluded between the Government of the USSR and Spain continues to be applied in bilateral relations. Aiming to replace the Soviet agreement, a bilateral Ukrainian-Spanish Convention on the Avoidance of Double Taxation with regard to income taxes and the prevention of tax evasion and avoidance was concluded. The new Convention contains provisions on the prevention of treaty abuse (corresponds to article 7 paragraph 1 of the MLI). Internal procedures necessary for the entry into force of the new Convention are currently ongoing.

Czech Republic: In the OECD Report on Step 6 of the BEPS Action Plan for 2023 (*2023 Action 6 Peer Review Report on the implementation of the minimum standard on treaty shopping*), the Czech Republic noted that it has developed a plan for the implementation of the minimum standard of the BEPS Action Plan,

circumstances would be in accordance with the object and purpose of the relevant provisions of the Covered Tax Agreement.

⁶³ Where a benefit under a Covered Tax Agreement is denied to a person under provisions of the Covered Tax Agreement (as it may be modified by this Convention) that deny all or part of the benefits that would otherwise be provided under the Covered Tax Agreement where the principal purpose or one of the principal purposes of any arrangement or transaction, or of any person concerned with an arrangement or transaction, was to obtain those benefits, the competent authority of the Contracting Jurisdiction that would otherwise have granted this benefit shall nevertheless treat that person as being entitled to this benefit, or to different benefits with respect to a specific item of income or capital, if such competent authority, upon request from that person and after consideration of the relevant facts and circumstances, determines that such benefits would have been granted to that person in the absence of the transaction or arrangement. The competent authority of the Contracting Jurisdiction to which a request has been made under this paragraph by a resident of the other Contracting Jurisdiction shall consult with the competent authority of that other Contracting Jurisdiction before rejecting the request.

including, in an agreement with Ukraine. Today no proposals have been received from the Czech Republic side.

○ *Are rights under those double taxation agreements confined to companies resident in country X and the EU Member State which are party to the double taxation agreement or do they also extend to permanent establishments of companies established in other States?*

As mentioned in the answer to the previous question, Ukraine has extended the MLI to all existing double taxation treaties, including with all EU member states.

Article 10 of the MLI⁶⁴ «Anti-abuse Rule for Permanent Establishments Situated in Third Jurisdictions» (paragraphs 1-3 of this article) applies to bilateral double taxation treaties with the following EU member states: Denmark, Slovakia and Slovenia.

Concerning the other jurisdictions that have not extended the MLI to the agreement with Ukraine.

● **Germany.** Ukraine and Germany have reached an agreement to update the current bilateral double taxation agreement, which will include the provisions of Article 10(1-3) of the MLI. Domestic procedures necessary for the implementation of the international treaty are ongoing.

● **Spain.** Currently, the double taxation agreement between the USSR and Spain continues to be applied in bilateral relations. Aiming to replace the Soviet agreement, a bilateral Ukrainian-Spanish Convention for the Avoidance of Double Taxation with respect to Taxes on Income and the Prevention of Fiscal Evasion and

⁶⁴ 1. Where:

a) an enterprise of a Contracting Jurisdiction to a Covered Tax Agreement derives income from the other Contracting Jurisdiction and the first-mentioned Contracting Jurisdiction treats such income as attributable to a permanent establishment of the enterprise situated in a third jurisdiction; and

b) the profits attributable to that permanent establishment are exempt from tax in the firstmentioned Contracting Jurisdiction,

the benefits of the Covered Tax Agreement shall not apply to any item of income on which the tax in the third jurisdiction is less than 60 per cent of the tax that would be imposed in the first-mentioned Contracting Jurisdiction on that item of income if that permanent establishment were situated in the firstmentioned Contracting Jurisdiction. In such a case, any income to which the provisions of this paragraph apply shall remain taxable according to the domestic law of the other Contracting Jurisdiction, notwithstanding any other provisions of the Covered Tax Agreement.

2. Paragraph 1 shall not apply if the income derived from the other Contracting Jurisdiction described in paragraph 1 is derived in connection with or is incidental to the active conduct of a business carried on through the permanent establishment (other than the business of making, managing or simply holding investments for the enterprise's own account, unless these activities are banking, insurance or securities activities carried on by a bank, insurance enterprise or registered securities dealer, respectively).

3. If benefits under a Covered Tax Agreement are denied pursuant to paragraph 1 with respect to an item of income derived by a resident of a Contracting Jurisdiction, the competent authority of the other Contracting Jurisdiction may, nevertheless, grant these benefits with respect to that item of income if, in response to a request by such resident, such competent authority determines that granting such benefits is justified in light of the reasons such resident did not satisfy the requirements of paragraphs 1 and 2. The competent authority of the Contracting Jurisdiction to which a request has been made under the preceding sentence by a resident of the other Contracting Jurisdiction shall consult with the competent authority of that other Contracting Jurisdiction before either granting or denying the request.

Avoidance was concluded. The new convention contains provisions to counteract abuse by permanent establishments located in third jurisdictions (corresponding to Article 10(1-3) of the MLI). The domestic procedures necessary for the entry into force of the new convention are ongoing.

- ***Does country X engage with the tax authorities in mutual agreement procedures are arbitration to solve disputes from the interpretation and application of double taxation agreements? (Council Directive 2017/1852)***

The Ministry of Finance of Ukraine is the responsible authority for conducting the mutual agreement procedure according to the Tax Code of Ukraine and most international treaties of Ukraine on the avoidance of double taxation.

The State Tax Service, in cases directly provided for by an international treaty, carries out the mutual agreement procedure through the structural unit responsible for this function.

The Ministry of Finance of Ukraine, as the responsible authority, applies to the structural units of the tax authority to obtain information or documents necessary for the mutual agreement procedure.

- ***Has the country signed the OECD/Council of Europe Convention on Mutual Administrative Assistance in Tax Matters?***

Ukraine signed the OECD/Council of Europe Convention on Mutual Administrative Assistance in Tax Matters on 20.12.2004 (entered into force on 01.07.2009). The Protocol amending the Convention was signed on 27.05.2010 (entered into force on 01.09.2013).

- ***Has it committed to automatically exchange financial account information based on the OECD Global Standard?***

In 2021 the Government of Ukraine sent a letter to the OECD Secretariat, officially expressing its intention to implement the CRS Common Standard on Reporting and Due Diligence for Financial Account Information (CRS).

For this purpose in 2022 Ukraine joined the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (MCAA CRS).

To join Ukraine to the system of international automatic exchange of information on financial accounts, the following is provided:

- compliance of national legislation with the requirements of the CRS General Reporting Standard;

- IT capacity of the competent authority of Ukraine (STS) to carry out automatic international exchange of information;

- passing the assessment by the competent authority of Ukraine (STS) regarding the maturity of the information security management system of the STS (December 11-14, 2023).

This initiative is implemented with the support of the EU4PFM Project (EU Public Finance Management Support Program for Ukraine).

○ ***When are such exchanges due to start?***

The first exchange of information is scheduled for 2024.

○ ***Has it committed to establish a central liaison office to exchange information with EU Member States?***

Ukraine has not committed to establishing a central liaison office for the exchange of information with EU member states.

● ***Has country X implemented or is it planning to implement the standards agreed within the work on the OECD/G20 Base Erosion and Profit Shifting (BEPS) project under Action 5 (spontaneous exchange of relevant information on taxpayer-specific rulings) and Action 13 (Country-by-Country-Reporting)? (Council Directive (EU) 2015/2376 and Council Directive (EU) 2016/881)***

Concerning Action 5

On the spontaneous exchange of information for tax purposes

Action 5 is a minimum standard of the BEPS Action Plan, which is binding for all participants of the OECD Inclusive Framework, including Ukraine.

Ukraine has national legal mechanisms for the implementation of spontaneous exchange of information for tax purposes.

According to the OECD Report «Harmful Tax Practices - 2022. Peer Review Reports on the Exchange of Information on Tax Rulings: Inclusive Framework on BEPS: Action 5», Ukraine has fulfilled all the requirements and no recommendations were made in the reporting period.

The national legislation partially complies with Council Directive (EU) 2015/2376 and provides for the procedure and mechanism for the spontaneous exchange of information for tax purposes. At the same time, in order to ensure full compliance with the Directive, amendments to the Tax Code of Ukraine and the by-law regulating the procedure for international exchange of information between competent authorities are required.

Concerning Action 13

On the Country-by-Country Reporting

The necessary legislative provisions for the implementation of BEPS Action 13 (all key elements) were introduced by the Law of Ukraine No. 466-IX dated 16.01.2020 and improved by the provisions of the Law of Ukraine No. 2970-IX dated 20.03.2023. A three-tiered structure of documentation for International Groups of Companies was introduced, which includes transfer pricing documentation (local file), global transfer pricing documentation (master file) and Country-by-Country Reports.

According to the OECD experts' assessment, the provisions of the Tax Code of Ukraine on Country-by-Country Reports are in line with the provisions of BEPS Action 13.

Ukraine has joined the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (MCAA CbC) on November 3, 2022.

In order for the MCAA CbC to enter into force for Ukraine, the Report on the results of the assessment of the maturity of the information security management system is expected in 2024.

● ***Has country X implemented or is it planning to implement the standards agreed within the context of the OECD Inclusive Framework on Model Rules for Digital Platforms (MRDPI) and on a Crypto Asset Reporting Framework (CARF)? (Council Directive (EU) 2023/2226)***

Ukraine has not implemented the relevant standards.

At the same time, Ukraine intends to implement into national legislation the OECD Model Rules for Reporting by Digital Platform Operators (MRDPI) and Council Directive (EU) 2021/514 of 03/22/2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation (DAC7). The development of the relevant draft Law is planned for 2024.

This initiative is implemented with the support of the EU4PFM Project (EU Public Finance Management Support Program for Ukraine).

Regarding the implementation of crypto-asset reporting (CARF), Ukraine informed the Global Forum on Transparency and Information Exchange on 20.10.2023 that it intends to implement the international automatic exchange of information on crypto-assets in accordance with the Common Reporting Standard 2.0 no earlier than 2030.

● ***Has country X rules in place or does it plan to put in place rules on mutual assistance in the recovery of tax claims with other countries? (Council Directive 2010/24/EU)?***

The repayment (collection) of tax debts in international legal relations is regulated by the TCU, in particular, by sub-clauses 14.1.38, 14.1.53, 14.1.154, 14.1.158 of clause 14.1 of Article 14, sub-clause 19-1.1.37 of clause 19-1. 1 of

Article 19-1, Chapter 9 "Repayment of Taxpayers' Tax Debt", Chapter 10 "Application of International Treaties and Repayment of Tax Debt at the Request of Competent Authorities of Foreign States" and paragraph 1 of subsection 10 of Section XX.

However, it should be noted that pursuant to clause 87.11 of Article 87 of the TCU, the collection authority shall file a claim with the court to recover the tax debt of an individual taxpayer. Tax debts are collected by the State Enforcement Service in accordance with the Law on Enforcement Proceedings. The above issues are also regulated by the Law of Ukraine No. 677-VI dated 17 December 2008 (as amended by the Law of Ukraine No. 406-VII dated 11 August 2013), which ratified the Convention on Mutual Administrative Assistance in Tax Matters (ETS 127) (effective for Ukraine: 01.07.2009).

So, the provisions of Directive No. 2010/24/EU concerning assistance in the form of recovery, in particular, those provided for in Chapter IV "Recovery or Security Measures", are regulated by the tax legislation of Ukraine and do not require the development of a separate legislative act in terms of repayment (recovery) of tax debts in international legal relations.

According to Article 1 of Directive No. 2010/24/EU, assistance in the enforcement of recovery shall be provided for any claims referred to in Article 2 of this Directive. Article 2(1) of Directive 2010/24/EU provides that this Directive applies to claims in respect of:

(a) all taxes and duties of any kind levied by or on behalf of a Member State or its territorial or administrative units, including local authorities, or on behalf of them or the Union

(b) indemnities, interventions and other measures forming part of the full or partial financing system under the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), including amounts to be collected in connection with such measures;

(c) taxes and other levies provided for under the common market organisation for the sugar sector.

Articles 9 and 10 of the TCU set out a list of taxes and duties, the collection of which is controlled by the controlling authorities specified in subparagraph 41.1.1 of paragraph 41.1 of Article 41 of the TCU - the State Tax Service and its territorial bodies. In other words, the provisions of Directive 2010/24/EU apply to the collection of all taxes and fees specified by the TCU. However, the general provisions of the TCU do not regulate the issues set out in paragraphs (b) and (c) of Article 2(1) of Directive No. 2010/24/EU and paragraphs (b) and (c) of Article 2(2) of this Article, and also partially apply to paragraph (a) of Article 2(2) (in particular, the tax authorities do not have the authority to collect administrative fines imposed by them, and do not conduct administrative investigations).

Also, information on the above was provided in response to the letters of the Ministry of Finance of Ukraine dated 12.04.2023 No. 34020-06-62/9949 (inc. STS

No. 429/4 dated 13.04.2023) and No. 34020-06-62/21421 dated 07.08.2023 (inc. STS No. 923/4 of 07.08.2023). At the same time, it should be noted that the harmonisation of Ukrainian legislation with the requirements of Directive 2010/24/EU is related to negotiating Chapter 29 "Customs Union", subchapter/subsection: 02.50.20 "Recovery of claims in customs or agricultural economy", which are not within the powers of the State Tax Service.

4. OPERATIONAL CAPACITY AND COMPUTERISATION

- ***Provide information concerning the administrative capacity of the tax administration, including selection process of officials, their training, and career system.***

As of 01.04.2024, 50 Service Centres (territorial inspectorates) have temporarily ceased to operate and do not provide services. Taxpayer services are provided on an extraterritorial basis.

With the support of the international technical assistance projects "Public Financial Management Support Programme for Ukraine (EU4PFM): Components 1, 3 and 4" (EU4PFM project) and "EU Support for the Digital Transformation of Ukraine" (DT4UA project), the State Tax Service received 20 diesel generators and 4 crypto modules of the "Gryada-301" network to ensure the proper functioning of the institution, in particular in the context of the energy crisis and support for information systems; 1,000 laptops were purchased to provide mobile workstations for representatives of the territorial bodies of the STS that were occupied and subject to military operations, which resulted in the destruction of the IT infrastructure.

Almost uninterrupted operation and stability of internal communications during the war were ensured by a number of measures, including the complete centralisation of data processed and stored by the STS; powerful edge equipment and new generation firewalls were installed; data centre equipment was upgraded and a fault-tolerant architecture of secure data centre network segments was implemented; protection of database and application network segments was enhanced; an external Internet connection node was upgraded to control taxpayers' access to STS services; ongoing work is being carried out to strengthen the protection of communication channels that provide access to centralised resources for territorial units; an autonomous STS Internet system has been introduced; backup Internet access channels have been arranged for STS staff.

The Law of Ukraine No. 889-VIII "On Civil Service" dated 10.12.2015 stipulates that civil service entry and promotion of civil servants is based on the results of a competition. In connection with the introduction of martial law in Ukraine as of 24 February 2022 and in accordance with Article 10(5) of the Law of Ukraine dated 12 May 2015 No. 389-VIII "On the Legal Regime of Martial Law" (as amended), a simplified system of entry to civil service positions is provided for.

During the period of martial law, persons shall be appointed to civil service positions without competitive selection, which is required by law, on the basis of an

application, a completed personal card of the established form and documents confirming that such persons have Ukrainian citizenship, education and work experience in accordance with the requirements of the legislation established for the relevant positions, as well as if the Unified State Register of Declarations of Persons Authorised to Perform State or Local Self-Government Functions contains a declaration of a person who has. The decision on appointment to the position shall be made after a special inspection in the cases and in accordance with the procedure provided for by the legislation on prevention of corruption. The advanced training of STS officials under general and special professional (certificate) programmes is carried out in accordance with the needs of the STS and is approved annually by a relevant order. In 2023, the advanced training of STS officials was carried out in accordance with Order of the STS dated 21.06.2023 No. 492 "On Advanced Training of STS Officials in the Second Half of 2023" (hereinafter - Order of the STS No. 492). Pursuant to the STS Order No. 492, 2,221 civil servants of the STS bodies have upgraded their qualifications. Of these, 450 were enrolled in special professional (certificate) programmes, and 1771 in special short-term training programmes.

In accordance with the Procedure for Internal Training of STS Civil Servants approved by the Acting Head of the STS on 23.06.2021, and based on proposals from structural units of the STS apparatus, the Thematic Plan for Internal Training of STS Civil Servants in the system of in-service training (hereinafter - the Thematic Plan) is developed annually. In accordance with the Thematic Plan for 2023, approved by the acting Head of the STS Tetiana Kiriienko on 06.01.2023, 34 internal exercises were held, covering all civil servants of the STS. The Thematic Plan for 2024, approved by the acting Head of the State Tax Service of Ukraine Tetiana Kiriienko on 19 January 2024, includes 25 internal exercises. The Thematic Plan for 2024, approved by the acting Head of the State Tax Service of Ukraine Tetiana Kiriienko on 19 January 2024, includes 25 internal exercises.

● ***Does the country's tax authority have the technical capacity to facilitate the efficient exchange of information and the appropriate infrastructure to be ready to apply the EU IT systems such as the Excise Movement Control System (EMCS), the VAT Information Exchange System (VIES), the mutual assistance directives and the recovery directive (Directive 2010/24/EU)?***

To date, the State Tax Service has developed the Automatic Exchange of Tax Information subsystem as a component of the International Automatic Exchange of Information (hereinafter referred to as the AETI) with the support of the EU4PFM project and international EU experts to enable the automatic exchange of information according to the CRS standard and reports by country, with the integrated information security system. The AETI is constructed in accordance with the OECD requirements. The AETI was put into permanent operation in November 2023. According to the National Revenue Strategy until 2030, approved by the Cabinet of Ministers of Ukraine on 27 December 2023 No. 1218, it is envisaged to

integrate the STS information and communication systems with the EU systems in 2024-2030, namely with the European systems of VIES, VAT refund, monitoring of excise goods movement "Excise Movement and Control System" (EMCS), the system of cross-border online sales B2C, the Central Electronic System of Payment Information (CESOP), and Ukraine's connection to the system of secure information exchange between tax administrations of EU countries.

- ***What is the state of play of electronic tax administration in country X? Are taxpayers required/allowed to make VAT/Corporation Tax declarations in electronic form?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Does the country have an IT strategy?***

By the Order of the Cabinet of Ministers of Ukraine of 17 November 2021 No. 1467-p approved the Strategy for the Implementation of Digital Development, Digital Transformation and Digitalisation of the Public Finance Management System for the period up to 2025, which provides for the introduction of a Unified Information and Communication System for Public Finance Management based on the interoperability of electronic information resources with comprehensive information protection, technological independence and real-time information exchange.

- ***Does the IT strategy have multi-year budget allocations?***

In order to receive budgetary allocations, the STS annually develops and agrees with the general customer of the National Informatisation Programme (the Ministry of Digital Transformation of Ukraine) the tasks of the National Informatisation Programme for three years and one year in accordance with the Regulation on the Formation and Implementation of the National Informatisation Programme approved by the Resolution of the Cabinet of Ministers of Ukraine No. 119 "Some Issues of the National Informatisation Programme" dated 02 February 2024. Funding for the implementation of the National Informatisation Programme is provided by the state budget and other sources not prohibited by law.

The amount of funding for the National Informatisation Programme from the state budget is determined by the law on the State Budget of Ukraine for the next year. The STS annually prepares a budget request for the next year in accordance with the procedure and within the timeframe set out in the Procedure for Preparing Indicators of the Draft Consolidated Estimates for the Preparation of the Budget Request, Budget Programme Passport, Report on its Implementation and Proposals to the Budget Declaration by the State Tax Service, approved by Order of the STS No. 166 dated 15.04.2020, which takes into account information on the need for

funds to fulfil the tasks of the National Informatisation Programme for the next year.

Procurement is carried out in accordance with the annual procurement plan.

The implementation of certain tasks, projects, and works on informatisation is financed at the expense of expenditures under the budget programme of the National Informatisation Programme of the general customer for the relevant budget year. Other sources not prohibited by law for financing the implementation of the National Informatisation Programme tasks are international technical assistance funds.

- ***Describe the main steps and deadlines contained in the IT strategy to achieve interconnectivity and interoperability with the EU systems.***

According to the National Revenue Strategy until 2030, approved by the Cabinet of Ministers of Ukraine on 27 December 2023 No. 1218, it is envisaged to integrate the STS information and communication systems with the EU systems in 2024-2030, namely: the European VES, VAT refund, excise goods movement monitoring system "Excise Movement and Control System" (EMCS), the system of cross-border online sales B2C, the Central Electronic System of Payment Information (CESOP), and Ukraine's connection to the system of secure information exchange between the tax administrations of the EU countries. It should be noted that the introduction of new IT solutions that are compatible with EU IT solutions, create new tools for the development of a risk analysis system, ensure a balance of control measures and simplifications, and ensure that the criteria for a candidate country for EU membership in terms of tax authorities' IT systems are met, is also envisaged in the draft Recovery Plan for Ukraine (deadline - 2028).

Information on anti-corruption mainstreaming

Chapter 16 - Taxation: Consider international tax fraud and evasion schemes, embezzlement, accountability of tax inspectorates, extortion by tax officials.

- ***Implementation of the sectoral anti-corruption action plan and the relevant strategy***

Order of the State Tax Service of Ukraine dated 10.04.2023 № 221 (as amended) approved the Anti-Corruption Programme of the State Tax Service of Ukraine for 2023-2025, which is periodically reviewed.

Thus, the Orders of the State Tax Service of Ukraine № 639 dated 07.08.2023 and № 265 dated 09.04.2024 amended the Anti-Corruption Programme of the State Tax Service of Ukraine for 2023-2025, in particular, in terms of improving the process of corruption risk management and evaluation of the Anti-Corruption Programme.

- ***Risk assessment tools, supervisory and internal control capacity, capacity to prevent and suppress corruption***

The STS Anti-Corruption Programme for 2023-2025 was developed in accordance with the Corruption Risk Management Methodology approved by Order № 830/21 of the National Agency on Corruption Prevention (NACP) dated 28.12.2021, registered with the Ministry of Justice of Ukraine on 17 February 2022 under № 219/37555.

As part of the development of the STS Anti-Corruption Programme for 2023-2025 and in accordance with the aforementioned Corruption Risk Management Methodology, the process of identifying and assessing corruption risks was organized. The assessment of corruption risks in the STS activities was launched in accordance with the Order of the STS dated 19.07.2022 № 451 «On Assessment of Corruption Risks in the STS Activities».

By Order of the State Tax Service of Ukraine № 465 dated 22.07.2022, the Regulation on the Working Group for Assessment of Corruption Risks in the Activities of the State Tax Service of Ukraine was approved.

Order of the State Tax Service of Ukraine dated 15.08.2022 № 539 «On Establishment of the Working Group for Assessment of Corruption Risks in the Activities of the State Tax Service of Ukraine and Approval of its Composition» (as amended) approved the personnel composition of the working group, which includes employees of all structural units of the State Tax Service and 2 members of the public.

Due to personnel changes in the STS staff, the STS issued orders amending the composition of the working group on corruption risk assessment in the activities of the State Tax Service of Ukraine. In particular, the latest changes were made by Order of the State Tax Service dated 09.04.2024 № 264.

As a result of the work carried out to assess corruption risks in the activities of the STS and develop measures to mitigate corruption risks, the working group developed a Risk Register.

Due to the changes in the organisational structure of the STS bodies and their functions, as well as the results of monitoring the implementation of measures to mitigate corruption risks in 2023, the Risk Register was updated (Order of the STS dated 09.04.2024 No. 265 «On Amendments to the Order of the STS» dated 10.04.2023 № 221).

• ***Rules and codes of ethics, rules on conflicts of interest, integrity checks, rules on gifts, declaration of assets and interests established by law***

In order to ensure the functioning of an effective system for preventing and combating corruption in the STS, the development, organisation and control of measures to prevent corruption and corruption-related offences were ensured, and the following orders were issued by the STS:

dated 02.09.2019 № 52 «On Approval of the Rules of Ethical Conduct in the Bodies of the State Tax Service» (as amended), which establish the criteria of integrity and their basic indicators, as well as the general requirements for ethical

behaviour of employees of the State Tax Service and its territorial bodies (hereinafter – Employees), whose activities are aimed at serving the people of Ukraine by ensuring the protection and promotion of the rights, freedoms and legitimate interests of individuals and citizens;

dated 26.05.2020 № 226 «On Approval of the Procedure for Organising Measures to Prevent and Resolve Conflicts of Interest in the State Tax Service» (as amended), which aims to establish a unified approach to understanding and complying with the rules for preventing and resolving conflicts of interest and related restrictions in the State Tax Service, and also determines the sequence of actions for officials of the State Tax Service, as well as the procedures for taking measures to prevent and resolve conflicts of interest and related restrictions during the performance of official duties.

dated 03.09.2020 № 468 «On Approval of Methodological Recommendations on Acceptance and Consideration of Corruption Reports in the Bodies of the State Tax Service» (as amended), which determine the sequence of actions for employees of the STS, employees of the main regional departments of the STS and the city of Kyiv, and interregional departments of the STS for work with large taxpayers (hereinafter referred to as territorial bodies of the STS) during the receipt, registration, recording and consideration of corruption reports submitted by whistleblowers;

dated 08.10.2020 № 555 «On Approval of the Procedure for Organising Work Aimed at Preventing and Detecting Corruption in the Bodies of the State Tax Service of Ukraine» (as amended), which defines the principles of preventing and detecting corruption in the STS, the rights and obligations of STS employees, as well as the interaction between the Department for Prevention and Detection of Corruption and the authorised units (authorised person) for the prevention and detection of corruption in the territorial bodies of the STS in the performance of their functional responsibilities;

dated 28.12.2019 № 234 «On Peculiarities of Acceptance of Gifts Received as Gifts to the State in the Bodies of the State Tax Service», which regulates the procedure for accepting gifts received as gifts to the state in the bodies of the State Tax Service.

In order to properly organise the process of submission of declarations by employees of the STS who are persons authorised to perform state or local self-government functions, separate orders are issued. For example, the latest order of the State Tax Service dated 27.10.2023 № 881 «On Ensuring Declaration in the State Tax Service».

- ***Mechanisms for protecting corruption whistleblowers***

The rights and guarantees of a whistleblower are defined by the Laws of Ukraine «On Prevention of Corruption» and «On Ensuring the Safety of Persons Participating in Criminal Proceedings».

Order of the State Tax Service of Ukraine № 803 dated 09.09.2021 «On

Approval of Methodological Recommendations for the Implementation of Mechanisms to Encourage Whistleblowers and Foster a Culture of Reporting Possible Facts of Corruption or Corruption-Related Offences and Other Violations of the Law of Ukraine «On Prevention of Corruption» defines the organisational principles for the functioning of the mechanism to encourage and foster a culture of reporting possible facts of corruption or corruption-related offences and other violations of the Law of Ukraine «On Prevention of Corruption» in the State Tax Service and its territorial bodies.

The STS has identified employees of the authorised units for the prevention and detection of corruption who are responsible for exercising whistleblower protection powers.

Order of the STS № 687 «On Approval of the Memos for Employees of the STS Staff» dated 14.07.2021 (as amended) approved memos for STS employees, in particular, on the legal status, rights and guarantees of whistleblower protection, and the procedure for obtaining free secondary legal aid.

The STS and its territorial bodies are connected to the Unified Whistleblower Reporting Portal, which has a comprehensive information security system with confirmed compliance with the Law of Ukraine «On Information Security in Information and Communication Systems».

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

Ukraine has some level of preparation in the area of taxation. It has ensured continuity of tax administration and made some progress in this policy area during the reporting period. On 20 March 2023, Ukraine adopted the law introducing the OECD standard on the automatic exchange of information on financial accounts (Common Reporting Standard), which is due to start in 2024. On 3 November 2022, Ukraine joined the OECD Multilateral Competent Authority Agreement on the exchange of country-by-country reports.

In 2023, Ukraine should in particular:

→ make progress in terms of aligning legislation on VAT and excise duties.

In order to bring the tax legislation of Ukraine into compliance with the norms of the EU legislation for the implementation of the Association Agreement between Ukraine and the EU, the Ministry of Finance of Ukraine has developed draft laws aimed at implementing the following provisions:

1) Council Directive 2011/64/EU of June 21, 2011 on the structure and rates of excise duty on tobacco products - the draft Law of Ukraine "On Amendments to the Tax Code of Ukraine on Revision of the Excise Duty Rates on Tobacco

Products". It provides for a gradual increase until 2028 of specific excise duty rates on cigarettes to reach the minimum level established by the mentioned Directive, with a simultaneous equivalent increase of such rates for tobacco, industrial tobacco substitutes and a reduction in their size for tobacco-containing products for electric heating. It also provides for the setting of the excise duty rate on tobacco products in euros to avoid the impact of inflation on the increase in excise tax rates. And it also provides for the clarification of certain provisions of the administration of excise duty on tobacco products for the full application of the law. On March 15, 2024, the draft Law was approved at a meeting of the Government of Ukraine and registered in the Verkhovna Rada of Ukraine on March 18, 2024 (registered No. 11090);

2) Directive 2003/96/EC of 27 October 2003 regarding the restructuring of the Community system regarding taxation of energy products and electricity and Council Directive No. 92/83/EEC dated October 19, 1992 on the harmonization of structures of excise duties on alcohol and alcoholic beverages - the draft Law of Ukraine "On Amendments to the Tax Code of Ukraine on Approximation of the Legislation of Ukraine to the Legislation of the European Union in Excise Duty". The draft Law provides for the introduction of a schedule for bringing fuel excise duty rates closer to the minimum level set out in the Directive. It also introduces the concept of "intermediate products", equalised excise duty rates on intermediate products and sparkling wines, and clarified the concept of "weighted average retail price of cigarettes".

→ prepare the introduction of the general anti-abuse rule as part of the Anti-Tax Avoidance Directive

Aiming to introduce GAAR and implement the ATAD Directive in general, amendments to tax legislation are being developed with engagement of international development partners such as EU4PFM and the OECD.

→ ensure the implementation of the automatic exchange of tax information with EU Member States in line with the OECD Global Standards

Aiming to entry into force of the international agreements on the automatic exchange of information, MCAA CRS and MCAA CbC ensured:

- compliance of national legislation with the requirements of the relevant international standards;

- IT capacity of the competent authority of Ukraine (STS) to carry out the automatic international exchange of information;

- the OECD expert assessment to ensure that the conditions for the proper use of information contained in the Reports are met by the countries of the International Group of Companies;

- the competent authority of Ukraine (STS) passes the assessment of the Global Forum on Transparency and Exchange of Information for Tax Purposes (hereinafter referred to as the OECD Global Forum) on the maturity of the information security management system of the State Tax Service (11-14 December 2023).

The notifications required for the entry into force of the MCAA CRS and MCAA CbC agreements will be sent to the OECD Secretariat in accordance with the established procedure after the OECD Global Forum approves the Assessment Report on the maturity of the STS's information security management system.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

**CLUSTER 3: Competitiveness
and Inclusive Growth**

**CHAPTER 17 – Economic and
Monetary Policy**

ЄШУА

УКРАЇНА

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ЄВРОПА

1. MONETARY AND EXCHANGE RATE POLICY

● *What are the main objectives of the central bank? Is maintaining price stability or supporting the general economic policies of the government the primary objective? Who formulates monetary policy?*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

● *Is the national central bank law in accordance with the principle of an open market economy with free competition, and acting in compliance with the principles set out in Article 119 of the Treaty?*

Yes.

● *How is monetary policy conducted in practice (what are the current specific reserve requirements, refinancing facilities, open market operations, major central bank interest rates, other monetary policy instruments)? What have been the main recent developments in the use of monetary policy instruments? To what extent have direct instruments of monetary control (such as credit ceilings, interest rate controls etc.) been replaced by indirect, market-based instruments (such as open market operations, financing facilities etc.)?*

The National Bank of Ukraine (NBU) is conducting its monetary policy in line with the priorities, principles, and preconditions set out in the Monetary Policy Guidelines for the Duration of Martial Law (NBU Council Decision dated 15 April 2022). In June 2023, they were elaborated further in the Strategy for Easing FX Restrictions, Transitioning to Greater Flexibility of the Exchange Rate, and Returning to Inflation Targeting (Strategy).

In order to implement these strategic priorities, the NBU's monetary policy is primarily aimed at maintaining exchange rate sustainability. The sustainability of the FX market is being ensured through the NBU's active FX interventions, the retention and calibration of a number of administrative restrictions on FX transactions, the tightening of financial monitoring and currency control, and the cessation of monetary financing from the start of 2023.

At the same time, the prudent and consistent interest rate policy – which is, in particular, aimed at supporting sufficient real yields on term hryvnia instruments – remains an important element of ensuring exchange rate sustainability. To this end, the key policy rate, which was raised to 25% in June 2022, remained unchanged until July 2023.

In order to enhance monetary transmission and thus to improve the attractiveness of hryvnia term deposits, the NBU on 7 April 2023 changed the operational design of its interest rate policy. In particular, the NBU introduced transactions to place three-month certificates of deposit at an attractive interest rate with limits being linked to volumes of the banks' portfolios of hryvnia retail deposits with initial term of three months and more and to successful growth in such portfolios. Afterwards, to encourage the banks to increase their portfolios of term deposits, the NBU repeatedly revised (in H2 2023 and in Q1 2024) the parameters of calculating limits for holdings and transactions with three-month certificates of deposit.

The progress in lowering inflation, accumulating large international reserves, and the capability to secure macrofinancial stability enabled the NBU to switch to the easing cycle of interest rate policy in July 2023: in several steps, the key policy rate was cut to 14.5% in March 2024, down from 25% in June 2023.

At the end of October 2023, in order to implement the Strategy by strengthening the role of the key policy rate as a monetary instrument, the NBU transitioned from the more widespread mid-corridor system to a modified floor-system-based operational design of interest rate policy. As a result of the transition, the Ukrainian Overnight Index Average (UONIA), which is the indicator of the level of hryvnia overnight interbank interest rates for the interest rate policy, and the key policy rate are almost equal. The majority of transactions between the banks and the NBU are made at the key policy rate. At the same time, the new operational design retains incentives to support the banks' competition for retail term deposits. In particular, the NBU continued to offer three-month certificates of deposit.

In addition, in order to strengthen monetary transmission and improve the attractiveness of term deposits, the NBU uses required reserve ratios. From 2023 onwards, the NBU allowed the banks to use benchmark domestic government debt securities to meet up to 50% of their total required reserve ratios, in line with the established list of international securities identification numbers. In January–March 2023, the NBU significantly increased required reserve ratios (RR): for demand deposits and current accounts cumulatively by 20 pp for retail clients and by 10 pp for corporates. In May 2023, to encourage price and non-price competition for retail term deposits among the banks, the NBU introduced additional changes to the RR calculation mechanism. The required reserve ratio for current accounts and deposits of retail clients with initial maturity of up to 92 calendar days (inclusive) was set at 20% for hryvnia deposits and 30% for foreign currency ones. On the other hand, the required reserve ratio for retail deposits maturing in 93 days or more remained unchanged, at 0% for hryvnia deposits and 10% for foreign currency deposits.

The NBU's requirements for required reserve ratios are as follows:

Funds raised	Domestic currency	Foreign currency
Demand deposits and current accounts of legal persons	10	20
Demand deposits and current accounts of individuals	20	30
Retail term deposits and accounts with minimal initial maturity of up to 92 calendar days (inclusive)	20	30
Term deposits and accounts of corporate clients (except for other banks)	10	20
Retail term deposits and accounts with minimal initial maturity of 93 calendar days and more	0	10
Deposits and current accounts of other non-resident banks, and loans received from international organizations (other than financial institutions) and other non-resident organizations	10	20

The information about effective required reserves can be found via the link: <https://bank.gov.ua/en/markets/money-market/reserve-requirements-chart>

If necessary, the NBU may also use other monetary policy instruments as provided for in Article 25 of the Law of Ukraine On the National Bank of Ukraine. The central bank may grant short-term and long-term refinancing loans by holding variable-rate tenders or fixed-rate tenders to support the banks' liquidity. The NBU announces in advance the schedule for holding tenders to support bank liquidity. The NBU can hold ad-hoc tenders as necessary. The banking system's liquidity grew throughout 2023, so the banks did not need additional funding and repaid refinancing loans received at the start of the full-scale war.

As the right prerequisites are met, the NBU will continue to act as envisaged in the Monetary Policy Guidelines for the Duration of Martial Law and the Strategy, on the way to returning to a conventional inflation-targeting regime that simultaneously ensures the achievement of the central bank's long-term goals of price and financial stability and facilitates sustainable economic growth.

● ***What is the size and composition of foreign exchange reserves?***

Ukraine's foreign exchange reserves,

USD millions

	1 January 2023	1 April 2023	1 July 2023	1 October 2023	1 January 2024	1 April 2024
Foreign exchange reserves:	28,494.46	31,886.73	39,026.55	39,722.78	40,514.43	43,762.73
monetary gold	1,565.27	1,705.68	1,654.75	1,625.32	1,798.62	1,917.60
special drawing rights	1,693.22	1,773.97	1,535.44	286.71	934.20	2,362.88
reserve position in the IMF	0.32	0.32	0.32	0.32	0.32	0.32
foreign currency	6,233.49	11,772.17	12,376.58	10,713.09	9,546.55	9,388.43
securities in foreign currency	19,002.16	16,634.59	23,459.46	27,097.34	28,234.74	30,093.51

The up-to-date information about reserves can be found via the link: <https://bank.gov.ua/ua/statistic/sdds>

• Which role does the central bank have in financial supervision? Is the legal framework regarding the central bank's role in financial supervision well implemented and backed by sufficient administrative capacities?

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

• What are the major characteristics and objectives of the exchange rate regime and policy and how is the exchange rate policy implemented? What are its instruments (direct interventions, monetary policy, capital controls)?

From the onset of the full-scale invasion, on 24 February 2022, the NBU fixed the hryvnia's official exchange rate against the U.S. dollar and imposed a number of temporary administrative restrictions on FX transactions and cross-border movements of capital. These measures helped prevent panic, halted unproductive capital outflows, and contributed to a decrease in depreciation pressures.

In accordance with the Memorandum of Economic and Financial Policies signed with the IMF and so as to implement the Monetary Policy Guidelines for the

Duration of Martial Law, the NBU Board approved the Strategy on 29 June 2023. The creation of the Strategy was prompted by the need to gradually ease FX restrictions, increase the flexibility of the hryvnia exchange rate and, in the longer term, to return to the traditional format of inflation targeting with floating exchange rate.

According to the Strategy, exchange rate sustainability remains an important element of achieving the NBU's goals.

The sustainability of the FX market is being ensured through the NBU's active FX interventions, the retention and calibration of a number of administrative restrictions on FX transactions, the tightening of financial monitoring and currency control, and the cessation of monetary financing from the start of 2023. What is more, maintaining sufficient real yields on hryvnia instruments thanks to the NBU's prudent and consistent interest rate policy was an important element in safeguarding exchange rate sustainability, both when the exchange rate was fixed (until October 2023), and especially after the transition to managed exchange rate flexibility.

In order to support the economic recovery, prevent shadow transactions, and encourage new investments and loans, the NBU in 2023 eased the most burdensome FX restrictions in line with the Strategy and as proper preconditions were met. Primarily, the NBU focused its efforts on:

- enabling the repayment of new loans and loans granted with the participation of international financial institutions;
- foreign countries and export credit agencies, as well as repatriation of principal and interest payments on new external loans;
- minimizing the multiplicity of exchange rates.

The gradual and balanced easing of FX restrictions did not put significant pressure on international reserves. At the same time, thanks to these measures, the foundations were laid for inflows of new investments and loan capital to facilitate Ukraine's economic recovery. This was also an important prerequisite for abandoning the exchange rate peg without creating threats to macrofinancial stability.

The steady progress in lowering inflation, the accumulation of sizeable international reserves, capability to ensure macrofinancial stability, and proper preparation enabled the NBU to transition from the fixed exchange rate regime introduced on 24 February 2022 to the regime of managed exchange rate flexibility from 3 October 2023 (NBU Board Resolution No. 121 On Amendments to NBU Board Resolution No. 18 dated 24 February 2022 dated 2 October 2023). As per the managed flexibility regime, the official exchange rate is shaped by the exchange rate used for transactions in the interbank market instead of being set by the NBU. At the

same time, the NBU monitors the situation on the interbank foreign exchange market and on a permanent basis covers the structural deficit of foreign currency, letting the hryvnia exchange rate sway in either direction influenced by changes in supply and demand on the FX market.

The transition to the managed exchange rate flexibility was successful and caused neither a sharp depreciation, nor significant losses to international reserves (in 2023, the reserves grew by 42%, to USD 40.5 billion as of the end of the year).

The inflation target will gradually take over the role of a nominal anchor for inflation expectations as prerequisites are met, and the exchange rate will increasingly act as a corrective mechanism for the economy. So, at subsequent stages, the NBU will allow greater flexibility of the exchange rate while keeping its policy consistent in order to maintain confidence in the hryvnia and the NBU's measures to achieve the inflation targets.

The operational aspects of, and procedures for, conducting foreign exchange interventions are set forth in the NBU's regulations and orders. Furthermore, in accordance with the current laws of Ukraine (in particular Articles 7 and 7-1 of the Law of Ukraine On the National Bank of Ukraine), the NBU has the right to determine the specifics of money market regulation, currency regulation and supervision, and, if necessary, introduce safeguard measures specified in Articles 12 and 16 of the Law of Ukraine On Currency and Currency Operations (including administrative restrictions on foreign exchange transactions and cross-border capital flows).

• How vulnerable is the economy to a significant appreciation or depreciation of the currency? What is the size and composition of foreign exchange reserves? How has gross external debt developed? What is the situation of the current account balance, including remittances, and of FDI inflows?

According to the Strategy, at the early stages, the NBU will still rely heavily on the exchange rate as a nominal anchor for the economy, and exchange rate sustainability will remain an important element for attaining the NBU's goals. In such a way, the NBU will on a daily basis cover the structural deficit of foreign currency, letting the hryvnia exchange rate sway in either direction influenced by changes in supply and demand on the FX market. The inflation target will gradually take over the role of a nominal anchor for inflation expectations as prerequisites are met, and the exchange rate will increasingly act as a corrective mechanism for the economy. So, at subsequent stages, the NBU will allow greater flexibility of the exchange rate while keeping its policy consistent in order to maintain confidence in the hryvnia and the NBU's measures to achieve the inflation targets.

The NBU's assessments of the current and future state of Ukraine's economy can be found in the central bank's quarterly Inflation Report, which is available via the link: <https://bank.gov.ua/en/monetary/report>.

2. INDEPENDENCE OF THE CENTRAL BANK

• *What is the degree of functional/operational independence of the central bank? Does the central bank have at its disposal all instruments and competencies necessary to conduct an efficient monetary policy in order to achieve its objective of price stability, and is it authorised to decide autonomously how and when to use them?*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

• *What is the degree (in legal terms and in practice) of institutional independence of the central bank from public authorities (president, government, especially ministry of finance, parliament etc.)? Is the central bank a legally separate entity from the state? What are the specific roles of those institutions vis-à-vis the central bank? Are third parties giving instructions to the central bank, its decision-making bodies or their members? Can third parties approve, suspend, annul, or defer central bank decisions as far as central bank tasks are concerned? Can bodies, other than independent courts, sensor on legal grounds decisions relating to the performance of central bank related tasks? Are there express statutory obligations for the central bank to consult third parties ex ante? Are members of the central bank decision-making bodies free to discharge of their duties?*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

• *Regarding personal independence, comment on the governor of the central bank appointment, term of office (minimum 5 years), dismissal grounds, including right of judicial review by the European court of justice (once the country becomes a member), avoidance of conflict of interest.*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

• *Regarding financial independence, does the central bank have sufficient operational and financial resources to ensure that its tasks can be properly fulfilled? Can the bank decide independently on its budget, accounts, and distribution of profits? What are the provisions governing the distribution of the central bank's profits?*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

In 2023, the NBU held a number of meetings with representatives of the European Commission (DG ECFIN) and the European Central Bank, at which the NBU provided detailed explanations of certain aspects of the legislation governing

the NBU's activities. The relevant detailed information was also sent to the European Commission.

3. PROHIBITION OF MONETARY FINANCING OF THE PUBLIC SECTOR AND OF PRIVILEGED ACCESS OF THE PUBLIC SECTOR TO FINANCIAL INSTITUTIONS

• *Are there laws and regulations in force governing the access of government to financial institutions (asset allocation of banks, insurance companies, social funds etc.)?*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

• *What are the legal rules and principles regulating emergency liquidity assistance?*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

• *Can the central bank provide solvency assistance to financial institutions?*

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

• *Is the central bank authorised to buy domestic public debt instruments directly on the primary market?*

Pursuant to Article 54 of the Law of Ukraine *On the National Bank of Ukraine*, the NBU must not grant loans in domestic or foreign currency, both directly and indirectly, through a state institution or other legal person whose property is state-owned, with the purpose of financing the State Budget of Ukraine. The NBU shall not have the right to purchase in the primary market any securities issued by the Cabinet of Ministers of Ukraine, a state institution, or other legal person whose property is state-owned.

As from 3 March 2022, this article has been temporarily waived for the duration of martial law introduced by Presidential Decree No. 64/2022 *On Introducing Martial Law in Ukraine* dated 24 February 2022 and Law of Ukraine No. 2102-IX *On Approval of the Presidential Decree on Introducing Martial Law in Ukraine* dated 24 February 2022.

At the same time, the NBU tries to avoid using monetary financing of the state budget deficit. The central bank and the government of Ukraine view monetary financing by the NBU as an exceptional measure, which might be used in strictly limited volumes if all other options are not effective. Monetary financing of the deficit of the State Budget of Ukraine has been absent from the start of 2023.

4. ECONOMIC POLICY

● *What is the degree of alignment with the necessary budgetary framework requirements (including availability of fiscal and macroeconomic data/ESA 2010 standards, macroeconomic and budgetary forecasts, numerical fiscal rules, medium-term budgetary frameworks, transparency of general government finances and scope of budgetary frameworks, and independent fiscal institutions) as stipulated in Directive 2011/85/EU?*

During the initial assessment of the implementation of Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States, the level of implementation of the Directive was determined as significant – more than 80% (considering the number of items for which the degree of incorporation of the relevant provision of the EU acquis in the legislation of Ukraine is defined as «corresponds» or «does not require implementation»).

The Budget Code of Ukraine regulates, among other things, the medium-term budget framework at the state and local levels (Budget Declaration and local budget forecasts in accordance with Articles 33 and 751 of the Budget Code of Ukraine), fiscal rules (Articles 14 and 18 of the Budget Code of Ukraine).

To fully implement the provisions of Council Directive 2011/85/EU, it is necessary to:

- introduce the European System of Accounts (ESA 2010);
- establish a Council of Independent Experts;
- introduce medium-term budget planning and monthly reporting for the mandatory state social and pension insurance funds;
- introduce approaches to budget planning based on the calculation of the baseline (expenditures under unchanged policy).

The Ministry of Finance is currently working on developing methodological approaches to the calculation of the baseline. Thus, as part of the preparation of the Budget Declaration for 2025-2027, a letter was sent to the key spending units of the state budget (№ 04110-08-6/3302 dated 02.02.2024) with a request to provide a list of factors affecting budget expenditures that are considered when developing the new methodology.

● *What is the state of preparation for participation in the macroeconomic imbalance procedures (availability of indicators as defined by regulations (EU) No 1174/2011 and No 1176/2011).*

No developments in the reporting period.

● *Are there sufficient capacities to design, implement and monitor structural reforms to meet the requirements of the European Semester (medium--term reform programme; inter-ministerial coordination)?*

No developments in the reporting period.

• ***Comment on the latest Economic reform programme submission (including any delays or other problems that might indicate a lack of readiness), priorities and implementation of the policy guidance.***

On March 18, 2024 (Order No. 244), the Government approved the Plan of Ukraine, necessary for the implementation of the new EU Financial Instrument for Ukraine for 2024-2027 Ukraine Facility, which will operate in accordance with the Regulation of the European Parliament and the Council (EU) No. 2024/792 of February 29 .2024.

The Plan of Ukraine contains a list of reforms, in particular in the following areas: public finance management, fight against corruption and money laundering, financial markets, etc. Reforms and measures envisaged by the Plan take into account the needs of post-war reconstruction, reconstruction and modernization of Ukraine.

20.03.2024 The plan was officially submitted for assessment to the European Commission for further approval by the committee of EU member states, after which the Ukraine Facility instrument will finally enter into force.

5. ACQUIS ALIGNMENT

• ***What are the necessary reforms in legislation (central bank law, laws on commercial banks, insurance companies, pension funds, social security funds, compensation funds, etc.) with a view to EU accession requirements? Which reforms are already underway?***

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

In 2023, the NBU held a number of meetings with representatives of the European Commission (DG ECFIN) and the European Central Bank, at which the NBU provided detailed explanations of certain aspects of the legislation governing the NBU's activities. The relevant detailed information was also sent to the European Commission.

• ***Are the respective administrative capacities of the most important institutions (relevant ministries, central bank) sufficient to meet the EU accession requirements related to the coordination of economic policy?***

The information provided by Ukraine as part of the EU membership Questionnaire and the 2023 Enlargement Package remains relevant.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

From 3 October 2023, the NBU transitioned to managed flexibility of the exchange rate.

Monetary financing of the deficit of the State Budget of Ukraine has been absent from the start of 2023 and as of 31 March 2024.

Thanks to external support and the NBU's consistent policy, Ukraine's international reserves increased by 42% in 2023, to USD 40.5 billion. According to preliminary data available on 1 April 2024, Ukraine had international reserves of USD 43.8 billion. In March, the reserves increased by 18%. Such dynamics were driven by large inflows (more than USD 9 billion) from international partners, which exceeded the NBU's net FX sales and Ukraine's FX debt repayments.

Despite Russia continuing its aggression against Ukraine in 2023, the inflationary pressure eased significantly, and core inflation came in at 4.9% as of the end of the year. This was facilitated by the NBU's consistent monetary policy, including measures to ensure exchange rate sustainability and the appeal of hryvnia assets.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ prepare for returning to inflation targeting and flexible exchange rate

The NBU continues to implement measures envisaged by the *Strategy for Easing FX Restrictions, Transitioning to Greater Flexibility of the Exchange Rate, and Returning to Inflation Targeting* approved by the NBU Board on 29 June 2023. The NBU is gradually easing FX restrictions. From 3 October 2023, the central bank transitioned from the fixed exchange rate regime implemented on 24 February 2022, to managed flexibility of the exchange rate.

Modernization of the operational design of the interest rate policy based on the floor system enabled the NBU to resume conducting the bulk of liquidity management transactions at the key policy rate, as, since the onset of Russia's full-scale invasion, most liquidity management transactions have been carried out using transactions with overnight certificates of deposit. As the right prerequisites are met, the NBU will continue to act as envisaged in the *Monetary Policy Guidelines for the Duration of Martial Law* and the Strategy, on the way to returning to a conventional inflation-targeting regime that simultaneously ensures the achievement of the central bank's long-term goals of price and financial stability and facilitates sustainable economic growth.

→ prepare for the resumption of medium-term budgetary planning starting from 2024

In July 2023, the Verkhovna Rada of Ukraine adopted the Law of Ukraine № 3278-IX dated 27.07.2023 «On Amendments to the Budget Code of Ukraine on Ensuring Predictability of Budget Policy and Strengthening Debt Sustainability». This Law, in particular, provides for the restoration of the norms of Article 33 of the Code and related norms on the preparation of the Budget Declaration as a medium-term budget-planning document from 01.01.2024.

As of 01.04.2024, the work on medium-term budgeting is ongoing. The Ministry of Finance sent a letter № 04110-08-6/3302 dated 02.02.2024 to the key spending units of the state budget on the preparation of the Budget Declaration for 2025-2027. According to the letter, the key spending units, in particular, will be submitting information on structural changes in their expenditures. As part of the implementation of EU standards, the Ministry of Finance for the first time requested information to be used for the calculation of the baseline (in particular, on the factors affecting the baseline costs).

→ limit monetary financing of the state budget

1) Development of a mechanism that will determine the prerequisites and procedure for providing monetary financing with the establishment of conditions, terms and limits of such financing

In progress. The concept of monetary financing is being worked out with the NBU, and meetings and discussions are being held to discuss its key provisions.

Monetary financing of the deficit of the State Budget of Ukraine has been absent from the start of 2023. The NBU and the government of Ukraine view monetary financing by the NBU as an exceptional measure, which might be used in strictly limited volumes if all other options are not effective.

A draft version has been prepared for the *Concept of Monetary Financing of the Government while under the Legal Regime of Martial Law* (Draft Concept), which was approved by the NBU Board on 18 July 2023 and coordinated with the IMF. The Draft Concept is being elaborated by state authorities.

2) Introduction of a Memorandum of Understanding between the National Bank and the Ministry of Finance on the mechanism for servicing the obligations of the Cabinet of Ministers of Ukraine regarding the timely fulfilment of debt obligations to the IMF Completed. The Memorandum of Understanding between the Ministry of Finance of Ukraine and the National Bank of Ukraine on ensuring the repayment and servicing of the Government of Ukraine's obligations to the IMF was signed on 23.11.2023 (registered № 13110-05/207/40-0014/5).

To implement the Memorandum of Understanding signed by the Ministry of Finance and the NBU on ensuring the repayment and servicing of the obligations of the government of Ukraine to the International Monetary Fund (No. 13110-05/207/40-0014/5 dated 23 November 2023), amendments have been made to relevant effective agreements and treaties on ensuring repayment and servicing of the obligations of the government of Ukraine to the International Monetary Fund.

3) Conducting monetary financing only in extreme cases and in strictly limited volumes, when other financing options have been exhausted.

In progress. As of 01.04.2024, the Ministry of Finance has not applied for monetary financing from the NBU of the budget 2023 and 2024.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

**CLUSTER 3: Competitiveness
and Inclusive Growth**

**CHAPTER 19 – Social Policy and
Employment**

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Answers to the Guiding Questions

1. LABOUR LAW

- *Have there been changes in the labour law?*

During the period 15.06.2023 - 31.03.2024, a number of amendments to the labour legislation of Ukraine were adopted, in particular:

Law of Ukraine No. 3228-IX of 13 July 2023 "On Amendments to Certain Legislative Acts of Ukraine Regarding the Peculiarities of Using Leave in Connection with Pregnancy and Childbirth", which provides an opportunity for a working woman, in the absence of medical contraindications, to take leave at her request in connection with pregnancy and childbirth later than 70 (90) days before the expected date of childbirth and proportionally increase the postpartum part of the leave. At the same time, the total duration of leave provided for by law will not change;

Law of Ukraine No. 3494-IX of dated 22 November 2023 "On Amendments to Certain Legislative Acts of Ukraine Regarding Regulation of Provision and Use of Vacations, as well as Other Matters", the norms of which provide for legal certainty in certain issues of the provision and use of vacations, which will reduce the administrative burden on employers, employees and state authorities, as well as the issue of providing certain types of vacations are transferred to the level of collective agreement regulation.

- *Are there areas/issues that are not yet regulated and would need to be included in the labour law or other labour legislation?*

The current labour legislation does not allow the full use of the possibilities of digital technologies (for example, remote employment appeared in national legislation only in March 2020). As a result, a significant part of labour relations are in the shadows, which does not allow extending the guarantees provided by the labour law to more than 3 million workers, and is also a restraining factor for the development of innovative sectors of the economy and does not allow to use the advantages of developed human capital fully.

A high level of shadow employment deprives workers of labour and social guarantees. As a result, competition is distorted due to labour market abuses, the state social insurance system is discredited, the rights of workers who work without registration of labour relations are not protected, and workers' pensions will be depleted in the future. There is also significant underpayment of funds by the State and local budgets and social insurance funds.

A large degree of bureaucratic burden on employers in the process of establishing and maintaining labour relations increases the administrative costs of employers and reduces the attractiveness of formal employment, as well as

creates additional competitive advantages for the informal sector of the economy, which reduces the attractiveness of the country for investments. In addition, the traditional strengths of Ukraine, such as the high level of education of the population, which is suitable for the development of modern, non-capital-intensive sectors of the economy, which are related to the creative and creative activities of employees (IT, freelance, scientific activity) cannot be used to the full extent in including due to an insufficiently modern system of labour relations.

The following draft laws have been registered in the Verkhovna Rada of Ukraine to settle these issues:

- on amendments to the Code of Labor Laws of Ukraine regarding legal succession in labour relations (reg. No. 8244 of 29.11.2022), which will strengthen the legal protection of employees in the event of a change in the owner of an enterprise or business, as well as implement into national legislation the provisions of Council Directive No. 2001/23/EU dated 12.03.2001, which is mandatory according to the Association Agreement between Ukraine and the EU.

- on amendments to the Code of Labor Laws of Ukraine regarding the definition of the concept of labour relations and signs of their presence (reg. No. 5054 of 09.02.2021), the norms of which, in particular, define the concept of labour relations and signs of their presence, which will allow to significantly reduce the level of informal employment and protect the rights of workers, in particular, those who are currently working without formal registration of labour relations;

- on amendments to the Code of Labor Laws of Ukraine regarding the improvement of the procedure for resolving individual labour disputes (reg. No. 5555 of 24.05.2021), which is proposed to introduce a mediation mechanism for the resolution of labour disputes, which will allow speeding up the resolution of conflict situations that arise between the parties to a labour dispute process without bringing the case to court;

- on amendments to some legislative acts of Ukraine regarding the improvement of the legal regulation of the labour of certain categories of employees (reg. No. 6392 of 03.12.2021), the norms of which, among other things, provide for the improvement of guarantees of social protection of women during pregnancy, childbirth and child-rearing, consolidation at the legislative level of non-discrimination against pregnant women and nursing mothers, implementation into national legislation of the provisions of International Labor Organization Convention No. 183 on the revision of the (revised) Convention on Maternity Protection of 2000;

- on amendments to some legislative acts of Ukraine regarding the regulation of the work of domestic workers" (reg. No. 5695 of 23.06.2021), which defines the concepts of domestic work and domestic workers, establishes the legal status of domestic workers and the peculiarities of its legal regulation, defines mandatory conditions of employment contracts with domestic workers.

- ***What is the level of enforcement (legislation being applicable) and implementation (real application) of the labour law? Are the labour inspectorates sufficiently equipped and funded?***

The State Labor Service of Ukraine (State Labor Service) is unable to effectively ensure compliance with labour legislation due to legislative limitations on the powers of labour inspectors, which are not consistent with ILO conventions No. 81 and No. 129 on labour inspections. The state labour service is currently being reformed, but the problems of underfunding and high staff turnover still need to be resolved. Under martial law, the powers of labour inspectors are mostly limited to information and consultation, as inspections are suspended.

In general, it was used to finance the State Labor Service in 2023 502.9 million UAH, which is 51.9 million UAH less than in 2022 (554.8 million UAH).

Of this amount, labour costs amounted to 395 million UAH, which is 44.8 million UAH less than in 2022 (439.8 million UAH).

The financing of other expenses was 97.6 million UAH, which is 6.3 million UAH less than in 2022 (103.9 million UAH).

Expenditures for communal services and energy carrier payment amounted to 10.3 million UAH, which is 800,000 UAH less than in 2022 (11.1 million UAH).

- ***Progress regarding the transposition of EU directives pertaining to labour law and working conditions.***

Law of Ukraine No. 3238-IX of 13 July 2023 "On Amendments to Certain Legislative Acts of Ukraine Regarding the Peculiarities of Using Leave in Connection with Pregnancy and Childbirth" partially implemented Council Directive 92/85/EEC of 19 October 1992 on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding (tenth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC).

- ***Information/figures on child labour and measures to address it.***

The State Labor Department supervises and controls compliance with labour legislation.

Starting from June 2023, labour inspectors resumed carrying out state supervision (control) measures if there are grounds for compliance with the requirements of the Law of Ukraine No. 2136-IX of 15 March 2022 "On the organisation of labour relations under martial law", as well as on issues of identifying undocumented labour relations and legality of the termination of employment contracts.

From June to December 2023, the State Labor Service carried out 80 measures

of state control on the registration of employment relations, during which issues regarding the registration of employment relations with minors were studied.

Violation of the rights of minors in the field of labor was committed by 3 employers in relation to 4 children who worked in the field of services, trade, and food establishments. Minors worked without registration of labor relations, among them: 1 child aged 14 to 15, 3 children aged 16 to 18.

According to the results of state control measures:

- 3 orders were issued to eliminate violations of the labour legislation;
- 1 protocol on bringing the employer to administrative responsibility was drawn up and submitted to the court;
- the materials of 3 inspections were sent to law enforcement agencies for appropriate response.

During the 1st quarter of 2024, State Labor officials carried out 54 measures of state control over the registration of labour relations, during which issues related to the registration of labour relations with minors were studied.

Violation of the rights of minors in the field of labor was admitted in relation to 1 minor who worked without registration of employment relations. According to the results of the state control measure, an act was drawn up, and an order was made to eliminate the detected violations.

2. HEALTH AND SAFETY AT WORK

• *Progress regarding transposition of EU directives on occupational safety and health (framework directive and specific directives).*

To implement Directive 89/391/EC, a draft Law of Ukraine, "On Safety and Health of Workers at Work," was developed, which was registered in the Verkhovna Rada on October 13, 2023, under No. 10147.

• *Level of enforcement and implementation.*

In order to implement the Action Plan for the implementation of the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their member states, on the other hand, approved by Resolution No. 1106 of the Cabinet of Ministers of Ukraine dated 25.10.2017, implemented in the national legislation 8 EU Directives, namely:

1) Council Directive 92/104/EEC of 03.12.1992 on the minimum requirements for improving the safety and health protection of workers in surface and underground mineral-extracting industries (twelfth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC) (implemented as an order of the Ministry of Social Policy of Ukraine "On approval of Requirements for the safety and health protection of employees of mining enterprises with underground and open extraction

methods" dated 02.07.2018 No. 943, registered with the Ministry of Justice of Ukraine on 27.07.2018 under No. 872/32324).

2) Directive 2009/104/EC of the European Parliament and of the Council of 16.09.2009 concerning the minimum safety and health requirements for the use of work equipment by workers at work (second individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC) (implemented as an order of the Ministry of Social Policy of Ukraine "On approval of safety and health protection requirements during the use of production equipment by employees" dated 12.28.2017 No. 2072, registered with the Ministry of Justice of Ukraine on 01.23.2018 under No. 97/31549) .

3) Council Directive 89/656/EEC of 30.11.1989 on the minimum health and safety requirements for the use by workers of personal protective equipment at the workplace (third individual directive within the meaning of Article 16 (1) of Directive 89/391/EEC) (implemented as an order of the Ministry of Social Policy of Ukraine "On approval of the Minimum requirements for health and safety when employees use personal protective equipment of individual protection at the workplace" dated 29.11.2018 No. 1804, registered with the Ministry of Justice of Ukraine on 27.12.2018 under No. 1494/32946).

4) Council Directive 92/57/EEC of 24.06.1992 on the implementation of minimum safety and health requirements at temporary or mobile construction sites (eighth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC) (implemented as an order of the Ministry of Social Policy of Ukraine "On approval of minimum occupational safety requirements at temporary or mobile construction sites" dated 23.06.2017 No. 1050, registered with the Ministry of Justice of Ukraine on September 08.09.2017 under No. 1111/30979).

5) Council Directive 90/270/EEC of 29.05.1990 on the minimum safety and health requirements for work with display screen equipment (fifth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC) (implemented as an order of the Ministry of Social Policy of Ukraine "On approval of Requirements for the safety and health protection of employees when working with screen devices" dated 14.02.2018 No. 207, registered with the Ministry of Justice of Ukraine on 25.04.2018 under No. 508/31960).

6) Council Directive 92/91/EEC of 03.11.1992 concerning the minimum requirements for improving the safety and health protection of workers in the mineral-extracting industries through drilling (eleventh individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC) (implemented as the order of the Ministry of Economy of Ukraine dated 04.27.2023 No. 2610 "On approval of safety rules in the oil and gas industry", registered with the Ministry of Justice of Ukraine on 02.06.2023 under No. 928/39984.)

7) Council Directive 92/58/EEC of 24.06.1992 on the minimum requirements for the provision of safety and/or health signs at work (ninth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC) (implemented as the order of the Ministry of Economy of Ukraine dated 09.03.2023 No. 1268 "On

Approval of Minimum Requirements for Providing Safety and Health Signs at Work" registered in the Ministry of Justice on 25.04.2023 No. 672/39728.

8) Directive 1999/92/EC of the European Parliament and of the Council of 16.12.1999 on minimum requirements for improving the safety and health protection of workers potentially at risk from explosive atmospheres (15th individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC) (implemented as the order of the Ministry of Economy of Ukraine dated 19.04.2023 No. 2259 "On approval of the Minimum requirements for the safety and health of workers who are potentially exposed to risk in explosive environments" registered in the Ministry of Justice of Ukraine dated 09.06.2023 under No. 967/40023).

● *Number of reported accidents and fatalities, most affected sectors/areas?*

According to the analysis of the state of industrial injuries for 2023, the number of victims of accidents related to production, compared to 2022, increased by 6%, or by 185 people (3104 people were injured at Ukrainian enterprises in 2023, in 2022 – 2919 people), and the number of victims of fatal accidents related to production in 2023 compared to 2022 decreased by 0.2%, or by 1 person killed (472 people were fatally injured at Ukrainian enterprises in 2023, in 2022 – 473 people).

The total number of victims as a result of production-related accidents in 2023 decreased compared to 2022 in the enterprises: coal industry by 52 (339, was 391), energy industry by 46 (151, was 197), mining and non-mineral industry by 15 (68, there were 83), the metallurgical industry by 11 (95, there were 106), the chemical industry by 3 (95, there were 98).

The total number of victims as a result of production-related accidents in 2023 increased compared to 2022 at enterprises: the woodworking industry by 3 (40, there were 37), the oil and gas production industry by 6 (20, there were 14), the construction industry by 7 (143, there were 136), gas supply and gas consumption for 7 (42, there were 35), machine building industry for 8 (199, there were 191), boiler inspection and lifting facilities for 9 (33, there were 24), transport for 13 (323, there were 310), communications for 14 (72, there were 58), housing and communal services for 35 (145, there were 110), agro-industrial complex for 39 (381, there were 342), social and cultural sphere and trade for 171 (936, was 765).

The number of injured people in light and textile industry enterprises remained at the same level as last year – 22 people each in 2023 and 2022.

The total number of victims as a result of production-related accidents decreased at enterprises in 14 regions of Ukraine: Poltava region by 43 (136, from 179), Zaporizhzhya region – by 36 (120, from 156), Mykolaiv region – by 29 (82, there were 111), Vinnytsia – by 24 (121, there were 145), Kirovohradsk – by 16 (59, there were 75), Luhansk – by 15 (none, there were 15), Chernihiv – by 15 (78, there were 93), Ivano-Frankivsk - by 13 (65, there were 78), Zhytomyr – by 10 (92, there were 102), Cherkasy – by 9 (76, there were 85), Kyiv - by 7 (130, there were

137), Rivne - by 6 (66, there were 72), Chernivtsi – by 6 (29, there were 35), Lviv – by 5 (157, there were 162).

The total number of victims as a result of production-related accidents increased at enterprises in 9 regions of Ukraine and the city of Kyiv: Khmelnytskyi region by 1 (91, from 90), Sumy - by 4 (100, from 96), Odesa – by 7 (107, there were 100), Ternopil – by 7 (49, there were 42), Volyn – by 16 (114, there were 98), Donetsk – by 21 (291, there were 270), Dnipropetrovsk – by 23 (434, there were 411), Khersonskaya – by 67 (92, there were 25), Kharkiv – by 123 (189, there were 66), Kyiv – by 150 (395, there were 245).

The number of injured people at enterprises of Zakarpattia Oblast remained at the same level as last year – 31 people each in 2023 and in 2022.

Since the beginning of 2023, 646 workers have been injured during the performance of labour duties due to active hostilities, of which: 450 workers were injured as a result of injuries received during the performance of labour duties, 196 workers were killed.

This happened as a result of bombings, missile and artillery attacks, mining of territories and premises, capture and other illegal actions of the aggressor country.

By region, the most accidents due to active hostilities occurred in: Kyiv (40 dead), Donetsk (33 dead), Kherson (28 dead), Kharkiv (20 dead), Dnipropetrovsk (19 dead), and Sumy (17 dead) regions.

With regard to types of economic activity, the most affected are workers in the socio-cultural sphere, energy, transport, machine-building industries, as well as agricultural workers.

Another 2,458 workers were injured as a result of accidents at work that occurred during the performance of work duties not related to the conduct of hostilities or their consequences, of which 277 were fatal.

The overwhelming number of deaths of workers occurred due to traffic accidents and vehicle collisions (74 people); victim's fall (52 persons); falling, collapsing, the collapse of objects, materials, rock, soil, etc. (51 persons); the action of moving, flying, rotating objects and parts (26 people, or 6%); electric shock (20 people); explosion (16 people).

In general, the most fatally injured on the job are workers of such professions as transport workers - 82 dead (including 47 drivers, 12 railway workers and 12 tractor drivers); managerial employees – 64 dead (these are heads of enterprises (institutions, organisations) – 12 persons, their structural subdivisions – 21 persons, forepersons, engineers, mechanics, technicians, other specialists – 31 persons); builders – 49 dead (including 15 auxiliary workers, 9 installers, 6 electric and gas welders); locksmiths, adjusters – 36 dead; camera operators – 30 dead; utility workers – 28 dead; social and cultural workers – 27 dead; electricians - 26 dead.

The most affected sectors in 2023 are: coal industry (339 people); transport (323 people); agro-industrial complex (381 people); socio-cultural sphere and trade

(936 people).

The most affected regions are: Dnipropetrovsk (434 people), Donetsk (291 people) and the city of Kyiv (395 people).

3. SOCIAL DIALOGUE

● *Legislative developments regarding social dialogue, in particular collective bargaining and strike. Level of functioning of bipartite social dialogue, in particular at local and private enterprise level. Level of functioning of the tripartite Economic and Social Councils at national and regional level.*

A tripartite working group, formed by the decision of the Presidium of the National Tripartite Social and Economic Council, has developed a draft Law of Ukraine “On Collective Agreements and Contracts”, which was adopted by the Verkhovna Rada of Ukraine on February 23, 2023, and signed by the President of Ukraine on 11.04.2023 (hereinafter - the Law No. 2937-IX).

The Law No. 2937-IX shall enter into force six months after the cessation or cancellation of martial law.

The Law No. 2937-IX was developed in accordance with paragraphs 1325 and 1337 of the Action Plan for the Implementation of the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their Member States, on the other hand, approved by the Government’s resolution of 25.11.2017, No. 1106.

The Law No. 2937-IX establishes the legal and organizational principles of collective bargaining regulation of labour, socio-economic relations, and the coordination of the interests of the parties of social dialogue.

Law No. 2937-IX will contribute to enhancing the effectiveness of interaction between representatives of social dialogue parties within its bodies and implementing social dialogue at different levels. Specifically, the law defines the subject composition of social dialogue parties at the level of the territorial community, expands the circle of potential social partners from the employers’ side (at the local and industry levels), establishes a mechanism for concluding collective agreements by individuals using hired labour, and determines the procedure for forming a joint representative body of trade unions and employers, among other things.

The implementation of Law No. 2937 will contribute to the process of developing collective bargaining in labor relations, strengthening the protection of rights for both workers and employers, as well as their representatives, and enhancing the effectiveness of interaction between representatives of social dialogue within its bodies.

Furthermore, in order to ensure the practical implementation of the provisions of the first part of Article 32 of Law No. 2937 and the implementation of Council Directive 91/533/EEC, Ukraine has adopted the Law "On Amendments to the Code

of Ukraine on Administrative Offenses to Strengthen Liability for Violations of Legislation on Collective Agreements and Contracts" (dated 14.07.2023, No. 3256-IX) (the Law shall enter into force six months after the cessation or cancellation of martial law, but not earlier than the entry into force of the Law of Ukraine "On Collective Agreements and Contracts" dated 23.02.2023, No. 2937).

The implementation of this Law will have a positive impact on the development of social dialogue as it enhances the protection of workers' rights to information, thereby stimulating their interest in the process of regulating labor and socio-economic relations.

The Ministry of Economy has developed, and the Verkhovna Rada of Ukraine has adopted, the Law of Ukraine of 12.05.2022 No. 2253-IX "On Amendments to Certain Legislative Acts of Ukraine to Strengthen the Protection of Workers' Rights", which, among other things, proposes to provide for the possibility of extending the norms of a sectoral (intersectoral) agreement to all employers in the relevant industry.

To implement the aforementioned Law, the Cabinet of Ministers of Ukraine has adopted Resolution No. 1022 of 13.09.2022, "On Some Issues of Extending the Scope of a Sectoral (Intersectoral) Agreement, Its Separate Provisions", which approves the Procedure for extending the scope of a sectoral (intersectoral) agreement and its separate provisions.

Changes have been made to the Law of Ukraine "On Social Dialogue in Ukraine", in particular regarding the definition of social dialogue parties, which at the local level include the workers' side, whose subjects are primary trade union organisations operating at the enterprise, institution, organisation, in separate units of a legal entity that unite workers of a physical person who uses hired labour, and represent the interests of the workers of that employer, and in their absence – freely elected representatives of workers for collective bargaining (representative); the employer's side, whose subjects are the employer and / or authorised representatives of the employer, including separate units of a legal entity. According to Article 4 of the Law, a collective agreement is concluded at the local level (at the enterprise, institution, or organisation, with a physical person who uses hired labour). A collective agreement may be concluded in separate units of the enterprise within the competence of these units and the defined powers of the parties' subjects.

Article 7 of the Law defines the parties to the collective agreement as follows:

- the employer's side, whose subjects are the employer and / or authorised representatives of the employer, including separate units of a legal entity;

- the employees' side, whose subjects are primary trade union organizations created at the enterprise, institution, organization, separate units of a legal entity, which unite employees of a natural person who uses hired labour and represent the interests of the employees of this employer, and in their absence – representatives freely elected by employees to conduct collective negotiations.

The Presidium of the National Tripartite Social and Economic Council held

two meetings (on 17.05.2022 and 18.08.2022).

At the Presidium of the National Council meeting on May 17.05.2022, a new version of the Model Regulation on the Committee of the Working Group of the National Council was approved.

In order to conduct social dialogue and in accordance with the requirements of the Law of Ukraine «On Social Dialogue in Ukraine», 25 territorial tripartite socio-economic councils were formed and operate by the orders of the heads of regional state administrations. Councils in districts and cities operate in regions. Regional state administrations provide recommendations on their formation with the aim of deepening social dialogue and cooperation between executive authorities, local governments, employers' organisations, trade unions, and their associations.

During 2023-2024, 3 meetings of the Presidium of the National Tripartite Social and Economic Council were held through written surveys (18.09.2023, 28.09.2023, 25.03.2024).

In particular, 28.09.2023, a decision was made to appeal to the socio-economic councils of the member countries of the International Association of Economic and Social Councils and Similar Institutions (hereinafter - AICESIS) regarding non-participation in the next meeting of its Presidium and General Assembly, which were planned to be held on 31.10 - 01.11.2023, on the territory of the Russian Federation.

Decisions were also made to terminate the Memorandum of Understanding on cooperation between the National Tripartite Social and Economic Council under the President of Ukraine and the Civic Chamber of the Russian Federation and to suspend the participation of the National Council in the Agreement between the Public Council of the Republic of Armenia, the Civic Chamber of the Russian Federation, and the National Tripartite Social and Economic Council on the creation of an association to develop a joint position within the framework of AICESIS activities.

4. EMPLOYMENT POLICY

● *Most recent data on employment and unemployment, highlight most concerned categories.*

State statistics bodies did not make public information on the number of employed citizens and unemployed (according to the International Labor Organization's methodology) 2023 and in the first quarter of 2024 under martial law.

With the beginning of the full-scale invasion of the Russian Federation, the labour market changed due to external migration, internal population movement, relocation of enterprises, and reduced labour demand.

In 2023, the demand for workers increased due to enterprises' adaptation to new operating conditions during martial law and a partial recovery of economic activity. One of the main problems of jobseekers' employment and provision of employers' needs for workers is the professional and qualification imbalance and

individual differences between the demand and supply of labour force, which are increasing regionally.

During 2023, 664,600 people received the services of the State Employment Service (of which 483,200 people had the status of unemployed), of which 59,100 were internally displaced persons (hereinafter referred to as IDPs) and 124,100 citizens, which have additional guarantees in promoting employment, including 34,800 people with disabilities and 6,200 people from the number of combatants.

In the first quarter of 2024, 247,600 people received the services of the State Employment Service (181,900 of them had the status of unemployed), including 42,700 IDPs and 50,200 citizens with additional guarantees in employment promotion, including 13,800 persons with disabilities and 5,500 persons from among the participants of hostilities.

● ***Are there policy strategies in place and being implemented, are they relevant and producing results.***

The implementation of the Law of Ukraine "On Employment" (as amended by the Law of Ukraine dated 21.09.2022 No. 2622-IX) provides for a number of active employment promotion measures aimed at employment, including socially vulnerable categories. Such measures, according to Resolution of the Cabinet of Ministers of Ukraine No. 124 of 10.02.23, are as follows:

1. Reimbursement of 50% of labour costs (but not higher than the minimum wage) for the employment of registered unemployed persons:

who have less than 5 years until retirement;

persons with disabilities;

participants of ATO/JFO

According to the State Employment Center:

As of 31.03.24, 818 decisions have been made to provide such compensation to 818 persons since the resolution entered into force; payments of 4 356,9 thousand UAH were financed.

Since the beginning of the year, as of 31.03.24, 235 decisions have been made to provide such compensation to 235 persons; 2 decisions against 2 persons were annulled; payments of 1 851,2 thousand UAH were financed.

2. Reimbursement of 50% of the minimum wage for employment of registered unemployed youth, in particular:

- under 25 years of age, who have a total of no more than 12 months of insurance experience;

- under the age of 35 for the first workplace;

- who resigned from fixed-term military or alternative (non-military) service to the first workplace after such dismissal.

As of 31.03.24, 774 decisions have been made to grant such compensation to 774 persons since the resolution entered into force; payments in the amount of 4,540.1 thousand UAH were financed.

Since the beginning of the year, as of 31.03.24, 318 decisions have been made to provide such compensation to 318 persons; payments in the amount of 2 369,7 thousand UAH were financed.

3. Reimbursement of a Single contribution to the mandatory state social insurance (hereinafter - SSC) to the employer (but no more than twice the minimum insurance contribution) for employment of registered unemployed persons who have additional guarantees in employment (*parents (persons) who have children; orphans and children deprived of parental care; persons released after serving a sentence or forced treatment; persons who have less than 10 years left before retirement; other categories of citizens determined by the Cabinet of Ministers of Ukraine, taking into account the situation on the labor market, as well as quarantine, the state of emergency, state of emergency and martial law in the country*) As of 31.03.24, 2 120 decisions have been made to provide such compensation to 2,120 persons since the resolution entered into force; funded payments in the amount 9 009,9 thousand UAH.

Since the beginning of the year, as of 31.03.24, 513 decisions have been made to provide such compensation to 513 persons; payments in the amount of 3,549.7 thousand UAH were financed.

4. Reimbursement of the SSC to the employment (no more than twice the minimum insurance contribution) for the employment of the long-term unemployed (more than 6 months).

For the year 2023, the SSC compensation was provided to employers upon employment of 594 people.

Since the beginning of the year, as of 31.03.2024, 154 people have been employed with the compensation of the employer's unemployment benefits.

5. Resolution of CMU No. 338 of 18.04.23 expanded the category of compensation recipients (in the amount of the actual costs of a single contribution to mandatory state social insurance) - small business entities that employ the unemployed for a period of at least two years on the referral of employment centres, to new jobs).

As of 31.03.24, 4,786 decisions have been made to grant such compensation to 4,786 persons since the resolution entered into force; payments in the amount of 12 054,1 thousand UAH were financed.

Since the beginning of the year, as of 31.03.24, 2 362 decisions have been made to grant such compensation to 2,362 persons; funded payments in the amount 6 740,3 thousand UAH.

On the basis of the voucher, a special document that allows retraining in the labour profession is carried out; training in a speciality to obtain a master's

degree based on a bachelor's or master's degree obtained in another speciality ; training at the next level of education (except for the third (educational-scientific / educational-creative) and scientific level of higher education); specialisation and advanced training in professions and specialities according to priority types of economic activity. (Article 30 of the Law of Ukraine "On Employment of the Population").

In 2023, 18,000 people received a voucher.

In January-March 2024, 4 900 people received a voucher.

In addition, non-disabled persons are involved in socially useful works under martial law (Government project "Recovery Army") (Resolution of the Cabinet of Ministers of Ukraine No. 753 of 13.07.2011).

In 2023, 74 200 referrals were issued in 19 regions of the country for participation in socially useful works.

Since the beginning of the year, as of 31.03.24, 26 800 referrals of citizens have been made to participate in socially useful works.

Compensation to employers for labour costs for employment of IDPs during martial law.

In 2023, 7 544 decisions were made to provide such compensation for 14,372 persons; payments of 181 254,3 thousand hryvnias were financed.

Since the beginning of the year, as of 31.03.24, 1 882 decisions have been made to grant such compensation to 2 873 persons; funded payments of 38 380,1 thousand hryvnias.

Compensation for labour costs for the employment of registered unemployed IDPs.

In 2023, 552 decisions were made to provide such compensation for 552 persons; payments of 11 211,90 thousand hryvnias were financed.

Since the beginning of the year, as of 31.03.24, 230 decisions have been made to provide such compensation to 230 persons; payments of 8 189,5 thousand hryvnias were financed.

Providing employers with compensation for the actual costs of arranging workplaces for employed persons with disabilities (Resolution of the Cabinet of Ministers of Ukraine No. 893 of 22.08.23).

As of 31.03.24, 267 decisions have been made to provide such compensation to 267 persons since the resolution entered into force; funded payments in the amount 16 236,5 thousand hryvnias.

Since the beginning of the year, as of 31.03.24, 204 decisions have been made to grant such compensation to 204 persons; payments in the amount of 12 488,9 thousand UAH were financed.

- ***Focus and results of active labour market policies.***

In the reporting period, in order to promote employment and strengthen the social protection of the population against unemployment, new programs were implemented or changes were made to existing programs in accordance with the resolutions of the Cabinet of Ministers of Ukraine, in particular:

No. 893 of 08.22.2023 "Some issues of providing employers with compensation for actual expenses for arranging workplaces for employed persons with disabilities", which approved the Procedure for providing employers with compensation for actual expenses for arranging workplaces for employed persons with disabilities. After employing a person with a disability of group I or II and setting up a workplace for such a person, the employer can receive compensation for the costs of setting up such a workplace. As of 1 January 2024 the amount of compensation for an employee of the 1st group is UAH 106.5 thousand, for an employee with the 2nd group is 71 thousand UAH.

No. 984 of 15.09.2023 "On the implementation of an experimental project on the organisation of vocational training of participants in hostilities and persons with disabilities as a result of the war in vocational (vocational and technical) education institutions of the State Employment Service", which approved the Procedure for the implementation of an experimental project on the organisation of vocational training of participants hostilities and persons with disabilities as a result of the war in institutions of professional (vocational and technical) education of the State Employment Service. Applicants from the specified categories can choose a profession, educational program and undergo free training in educational institutions of the State Employment Service. Training in 95 labor professions and more than 400 educational programs. During training, free accommodation is provided for both the person himself and an accompanying person, in the case of a person with a disability, as well as reimbursement of travel and medical examination expenses.

No. 1119 of 10.27.2023 "On Amendments to the Procedure for Engaging Able-Employed Persons in Socially Useful Works in Martial Law", according to which the issue of engaging in such works unemployed internally displaced persons of working age from among insured persons who do not have the status registered unemployed, with payment of their labour from the funds of the Universal Obligatory State Social Insurance Fund of Ukraine in case of unemployment, and the amount of payment for the labour of participants employed in performing socially useful works has been increased to one and a half of the minimum wage established on the date of its accrual;

No. 1390 of 12.27.2023 "On Amendments to Certain Resolutions of the Cabinet of Ministers of Ukraine Regarding the Settlement of Certain Issues of Population Employment", which improved the procedure for registering the unemployed using remote communication; the terms and amount of providing employers with compensation for labour costs for the employment of internally displaced persons and internally displaced persons with disabilities have been increased. The total duration of providing such compensation to the employer for

the employment of internally displaced persons has increased from 2 to 3 months and to 6 months for the employment of internally displaced persons with disabilities. The amount of compensation has also changed - compensation is provided in the amount of the minimum salary, previously compensation was paid in the amount of 6,700 UAH per month.

- ***Level of informal employment and policies for its reduction.***

The main motivations for undeclared work are economic and institutional advantages for both employers and self-employed and hired workers. The economic benefits of undeclared activity are related to the possibility of benefiting by evading taxes and social contributions or saving on compliance with state requirements for occupational safety and health and other social guarantees. Institutional advantages are due to avoiding strict regulatory rules and the desire to ensure greater flexibility in the labour market.

The primary and most relevant forms of undeclared labour in Ukraine include four main forms and a fifth additional form:

- 1) informal employment in the formal sector;
- 2) employment in the informal sector;
- 3) concealment of actual working hours and payment of envelope wages ;
- 4) substitution of actual labour contracts with civil and business contracts, as well as artificial use of remote and outsourcing mechanisms to conceal hired labour;
- 5) unregistered secondary employment of persons who have formalised labour relations at their main place of work.

According to various estimates, the share of workers who work without formalised employment contracts and do not pay taxes is 20-30%, depending on the region, industry, job qualifications, etc.

According to the latest published data on the official website of the State Statistics Service (2021), the number of informally employed people was 3061,600 (19.6% of the total employed population, i.e. one in five).

According to various calculations, the share of employees who work without employment contracts and do not pay taxes is 20-30%, depending on the region, industry, job qualification, etc.

According to the latest data published on the official website of the State Statistics Service (year 2021), the number of informally employed people was 3,061.6 thousand people (19.6% of the total number of employed people, i.e. one in five).

According to the Register of Insured Persons (RIO) in December 2023, the total number of insured persons was 10,778.2 thousand, of which 8,905.5 thousand were employees.

Out of 8,905,500 employees in December 2023, 1,174,100 people received wages below the minimum wage (6,700 UAH), of which 267,700 were budget sector employees. The share of employees who received wages less than the minimum wage in the total number of employees decreased from 18.8% in December 2022 to 13.2% in December 2023. Compared to December 2022, the number of people whose salary is less than the minimum wage decreased by 446,600, or by 27.6%.

During 2023:

the number of legal entities paying a single contribution to mandatory state social insurance (hereinafter referred to as a single contribution) increased by 20.3 thousand. As of December, there are 722,000 of them.

During January - December 2023:

340,700 more people were laid off than employed;

75,900 jobs were legalised (an additional 128.6 million hryvnias of single contribution was involved).

The State Labour Service has established an Interagency Working Group to coordinate joint actions to reduce undeclared labour, including occupational injuries in the informal economy, and develop ways to implement them (hereinafter referred to as the Working Group).

The working group developed and approved the Strategy for Reducing Undeclared Work, Occupational Injuries and Diseases for 2022-2024 and the National Plan of Joint Measures to Reduce Undeclared Work and Occupational Injuries for 2023 and 2024.

In order to reduce the level of undeclared work, 155,753 information visits to employers were carried out in 2023 to inform them about the risks and consequences of undeclared work. The Pension Fund published 561 information messages in the media and 35,805 messages on Internet resources, held 6,966 public events (seminars, webinars, meetings, etc.), and sent 48,554 emails to employers on the legal requirements for formalising labour relations.

Based on the results of the measures taken, employment contracts were concluded with 210 thousand employees.

As of 01 January 2024, the number of insured persons was 8,905,484, which is 268,428 or 3.1% more than at the beginning of 2023 (as of 01 January 2023, the number of insured persons was 8,637,056).

During the period from 16.06.2023 (legislative regulation of the possibility of unscheduled control measures) to 22.12.2023, during 92 control measures on the formalisation of labour relations, 261 employees were identified who worked without an employment contract with 68 employers and 30 employees with substitution of employment contracts with other types of contracts with 7 employers.

At the same time, 125 employees were found to have concluded (executed) an employment contract but were allowed to work without notifying the State Tax

Service at 45 employers.

As a result of the control measures, 90 orders to eliminate violations were issued, 54 reports on administrative offences under part three of Article 41 of the Code of Administrative Offences were drawn up and submitted to courts, and materials of 13 control measures were sent to law enforcement agencies in connection with crimes under Articles 172 and 173 of the Criminal Code of Ukraine.

Pursuant to the orders, 37 business entities eliminated the identified violations. Based on the results of the control measures, 36 employees concluded (executed) employment contracts.

In 2023, 3 information campaigns were conducted.

In March, we conducted an information campaign on conscious attitude to the formalisation of labour relations in cooperation with the State Tax Service. The campaign lasted for 4 weeks, during which 26 posts on the benefits of legal employment were posted on social media.

The "Come out into the light!" campaign ran from 1 August to 30 September 2023.

During the campaign, 24,488 employers were visited, 721 information events (seminars, webinars, meetings, etc.) were held, 84 billboards were placed, 11,841 publications were published on official websites and 189 in the media on the topic of formalising labour relations. The video was broadcast 2,328 times and the audio 437,000 times. A total of 1.9 million people were informed.

Over the course of 4 weeks, the video was broadcast on Suspilne Kultura (112 times), Suspilne Krym (154 times), Suspilne Novyny (154 times), and regional channels of Public Television (112 times each).

In addition, the video was broadcast on monitors at Ukrzaliznytsia railway stations and on Intercity trains throughout the month.

The campaign "Employment contract: Your Safety Belt in the World of Work" campaign ran through December 2023. Four infographics, five videos and 10 posts for social media were developed for the campaign. During the campaign, 10,011 employers were visited with information visits, 308 information events (seminars, webinars, meetings, etc.) were held, 5,701 publications were posted on official websites and social media, and 107 in the media on the topic of formalising labour relations. The videos were broadcast 13,495 times. A total of 417,000 people were informed.

- ***Functioning of Public Employment Services.***

The Ministry of Economy of Ukraine directs and coordinates the State Employment Service's activity. The State Employment Service implements the state employment policy, providing a range of employment services to the population and employers and social insurance in case of unemployment.

With the assistance of the State Employment Service during 2023:

240,400 people were employed (of which 160,100 were unemployed), in particular, 28,600 citizens who have additional guarantees in the promotion of employment, and 15,900 IDPs;

32,900 unemployed persons underwent professional training;

795,600 people received career guidance services;

18,100 people received a voucher for maintaining the competitiveness of certain categories of the population on the labor market;

74,200 referrals were issued to the unemployed for participation in socially useful works in the conditions of martial law;

24,600 people were involved in public and other works of a temporary nature;

positive decisions were made to provide micro-grants for the creation or development of their own businesses to 9.2 thousand recipients in the amount of 2.2 billion UAH , it is planned to create 19.9 thousand new jobs;

positive decisions were made to provide grants for the creation or development of their own businesses to 216 recipients from among the participants in hostilities, persons with disabilities as a result of the war and their family members for 87 million hryvnias. It is planned to create 441 new jobs.

During the 1st quarter of 2024:

55,600 people were employed (of which 32,900 were unemployed), in particular, 6,000 citizens who have additional guarantees in the promotion of employment, and 4,900 IDPs;

11,900 unemployed persons underwent professional training;

255,500 people received career guidance services;

5.8 thousand people received a voucher to maintain the competitiveness of certain categories of the population on the labour market;

26,700 referrals were issued to the unemployed for participation in socially useful works in the conditions of martial law;

6,000 people were involved in public and other works of a temporary nature;

positive decisions were made to provide micro-grants for the creation or development of their own businesses to 2.8 thousand recipients in the amount of UAH 659 million, it is planned to create 5.7 thousand new jobs;

positive decisions were made on providing grants for the creation or development of their own businesses to 225 recipients from among the participants in hostilities, persons with disabilities as a result of the war and their family members for 106 million hryvnias. It is planned to create 480 new jobs.

- *Are labour statistics in line with the acquis and is the national statistics office provided with sufficient resources to contribute to policies with comprehensive and reliable data? Are labour statistics provided to and published by Eurostat?*

Labour statistics are not provided to and published by Eurostat.

5. SOCIAL PROTECTION AND SOCIAL INCLUSION

- *General assessment of social situation in the country (poverty, inequality)*

The armed aggression of the Russian Federation against Ukraine has a significant impact on the standard of living of the population. In particular, it provoked a large number of displaced people who were forced to flee the war without having the necessary things such as financial support, income, and sources of livelihood. Such situation forces to pay special attention to the protection and support of citizens who have suffered due to military actions.

Combined with high inflation and devaluation, it caused a significant increase in poverty in Ukraine. According to the Institute of Demography and Social Research named after P.V. Ptukha of the National Academy of Sciences of Ukraine in 2022, the poverty level for expenses below the actual subsistence minimum increased to 59.2% against 39.1% in 2021. According to 2023 data, there is no significant increase in the scale of poverty, the estimated poverty level is 57.6 percent.

Therefore, during martial law, tasks aimed at supporting citizens who are forced to leave their homes, such as providing them with shelter, material support, and necessary social services, have become a priority.

At the same time, despite the difficult economic situation and the martial law, social policy tasks are aimed at providing social support to citizens, primarily to vulnerable group and internally displaced persons. Pensions, social benefits and subsidies due to citizens are still accrued and financed in full.

Today, the payment and delivery system for pensions and cash assistance is functioning. The payment of pensions for more than 10.7 million pensioners and 9.5 million recipients of social benefits is ensured on time and without delays.

Also, the system of social support of the population in Ukraine is being reformed in order to make it more stable, flexible and adapted to the needs of citizens who have suffered losses and damage due to the war, together with international partners.

The development of the system of social services is ensured as the main tool for supporting citizens who find themselves in difficult life circumstances. For example, the implementation of a complex social service for the formation of resilience aimed at supporting and strengthening the mental health of the population, reducing the general level of stress and anxiety among the population, adapting the

population to crisis situations, forming psychological first aid skills for loved ones, training stress resistance as a set of personal qualities and prevention of psychological traumatization.

One of the significant consequences of the full-scale war was a significant increase in the number of citizens who received disabilities (both among civilians and among defenders of Ukraine). Such persons need urgent and comprehensive rehabilitation.

The issue of providing rehabilitation services to persons with disabilities and children with disabilities is a key factor affecting the possibility of their integration into society. Depending on their functional limitations, packages of social support for persons with disabilities will also be formed.

The reform of the system of care for persons with disabilities, as well as for children who have lost their parents, is being implemented, and services for the care of both children and persons with disabilities and older adults are being developed. The priority direction is the development of family forms of raising children.

Despite the war, the digitalisation of the entire social support system for citizens is ensured. Today, more than half of social benefits (in monetary terms) are allocated centrally through the Unified Information System of the Social Sphere.

To support the affected population as a result of the blowing up the Kakhovka hydroelectric power plant dam by the Russian Federation, the Government introduced a one-time financial aid payment in the amount of 5,000 UAH per person (the Cabinet of Ministers of Ukraine Resolution dated 19.06.2023 No. 626 „Some issues of providing material financial aid to the affected population as a result of the Russian Federation's blowing up of the Kakhovka hydroelectric power station dam”).

The average pension increased during the year by 762.66 UAH, or by 16.5% (from 4,622.59 UAH on 01.01.2023 to 5,385.25 UAH on 01.01.2024).

As of 01.01.2024, there were 10.5 million pensioners, and the ratio of pensioners to insured persons is 1 to 1.

The average salary from which contributions were paid for December 2023 was 16,836.84 UAH.

The average paid contribution of 3,704.10 UAH, calculated from the average salary for December 2023, covers 68.8% of the average pension amount (5,385.25 UAH).

● ***Are there strategies on poverty reduction, social inclusion and protection in place, implemented and monitored?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***Is social assistance well-designed and –targeted? Are there IT-system in place?***

From 01.01.2023, the following social benefits were automatically extended:

- on children who are under guardianship or custody;
- for children with serious illnesses;
- children whose parents avoid paying alimony;
- persons with disabilities since childhood and children with disabilities;
- persons who provide care for persons with disabilities I and II due to mental disorders;
- persons who do not have the right to a pension, and persons with disabilities.

The transition period for the payment of monthly compensation payments to an unemployed able-bodied person who takes care of a person with a disability of group I, as well as to a person who has reached the age of 80, has also been extended until 31.12.2023.

In addition, in 2023, the monetisation reform of benefits and housing subsidies that started in 2019 was completed. The money is paid to the recipients, who are obliged to pay the bills for the housing and communal services consumed in full, taking into account the support funds received. Moreover, in 2023, it was introduced an experimental mechanism for the prompt and efficient granting of housing subsidies (the Cabinet of Ministers of Ukraine Resolution dated 13.06.2023 No. 601 „On implementation of an experimental project on improving the procedure for granting housing subsidies to the population to reimburse their expenditures for housing and public utility services, purchase of liquefied gas, solid and liquid stove household fuel”), which has simplified the application procedure for housing subsidies as much as possible, and, at the same time, strengthened their targeting accuracy.

To accelerate the digitization of the provision of social services and housing subsidies, the possibility of receiving them using the Unified State Web portal of Electronic Services Diya portal, as well as through the web portal of electronic services and the mobile application of the Pension Fund of Ukraine has been provided.

In accordance with the Cabinet of Ministers of Ukraine Resolution *dated 11.07.2023 No. 709 „Some Issues of Support for Internally Displaced Persons,”* the timeframes and conditions of granting/extending social assistance for IDPs to cover living expenses were determined. In particular, such assistance was automatically extended for one six-month period from 01.08.2023 to 31.01.2024.

The payment of housing assistance to IDPs is currently carried out entirely at the expense of funds raised from the World Bank's Trust Fund, which mobilised funds from donor countries for emergency financing of support to Ukraine.

Taking into account consultations with international partners, as well as the fact that one of the conditions is to ensure the rational, targeted use of funds, the Government of Ukraine adopted a decision to amend the procedure for granting social assistance for IDPs to cover living expenses as it pertains to strengthening its targeting accuracy, taking into account recipient's financial and property status, establishing deadlines for payment of the assistance, and encouraging persons of working age to find employment.

Implementation of the Unified Information System of the Social Sphere (UISSS)

The first phase of the Unified Information System of the Social Sphere is being implemented.

In 2023, it was piloted the automation of 6 social benefits (*child adoption benefit; assistance for children with severe diseases who are not disabled; benefits for persons disabled since childhood and children with disability; assistance for children of single mothers; assistance for children under custody or guardianship and assistance to low-income families*) in Zhytomyr and Rivne oblasts, and then it was scaled-up nationwide. Currently, the accrual and payment of these benefits are automated through the UISSS system, which has greatly simplified the work of the social protection bodies.

In this system, social assistance for internally displaced persons (IDPs) to cover living expenses was continued, with the possibility of applying through the Diia application in accordance with the new legislative changes. In 2023, the project „Automating Social Protection for Internally Displaced Persons in Ukraine” won the European Social Service Award in the Digital Transformation category.

A number of benefits are available through the UISSS; in particular, the system was the base for timely benefits to the affected population due to the Russian Federation's blowing up of the Kakhovka hydroelectric power station dam.

The Ministry of Social Policy of Ukraine continues to integrate the system with other governmental resources, which reduces data duplication and increases the efficiency of information processing.

Moreover, in 2023, the Diia portal implemented the possibility of applying for four social benefits (*child adoption benefit; assistance for children with severe diseases; benefit for persons disabled since childhood and children with disabilities ; assistance for children under custody or guardianship; and assistance to low-income families*).

More than 600,000 persons currently receive these social benefits, so their availability through the Diia will greatly simplify this process.

Among other things, in 2023, the Register of Providers and Recipients of Social Services was implemented, and it was started implementation of the updated Register of Persons eligible for benefits and implemented the monetisation project for children's health improvement „e-Ozdorovlennia” to ensure health and recreation

services for the children who need special attention and support.

The development of the electronic case management system for social services delivery started. The system was beta-tested in the Dnipropetrovsk, Poltava, Vinnytsia, and Cherkasy oblasts.

Further development of the System will facilitate the citizen's path to receiving the service, ensure extraterritorial service delivery and automatic decision-making, and guarantee an anti-corruption effect.

The integrated, comprehensive information system of the Pension Fund of Ukraine (hereinafter - IKIS PFU) has been implemented since 2002. This system was developed as a single platform of information systems of the Pension Fund of Ukraine (hereinafter - the Fund), which provides automation of key technological links of the activities of the Fund's bodies (collection, accumulation and expenditure of pension funds, including their personalized accounting, assignment (recalculation) and payment of pensions, keeping a register of insured persons of the State Register of mandatory state social insurance, appointment (recalculation) and payment of housing subsidies and benefits for payment of housing and communal services, purchase of solid and liquid household fuel and liquefied gas, appointment (recalculation) of insurance payments in connection with temporary loss of working capacity and mandatory state social insurance against an accident at work and an occupational disease that caused the loss of working capacity) and other processes related to the main functions (providing service to visitors, informing citizens, processing accepted applications for appointment/recalculation payments, analysis and forecasting, complex information protection, etc.).

● ***Is there any cooperation between public employment and social assistance services?***

The State Employment Service conducts information activities with territorial recruitment and social support centres (military commissariats), centres of social services for families and youth, territorial bodies of the Ministry of Veterans Affairs of Ukraine, rehabilitation centres, medical institutions, etc.

The interaction of the State Employment Service with the bodies of executive power and local self-government, in particular the Departments for Social Policy, veterans and reintegration of regional military administrations, to support IDPs and provide them with state employment guarantees has been established. Also, the State Employment Service cooperates with military administrations, local state administrations, and local self-government bodies to attract the unemployed to perform socially useful work. The unemployed take part in work to ensure the livelihood of citizens who have suffered as a result of hostilities, the occupation of territories and found themselves in a difficult financial situation; repair and restoration works performed at the objects of life support; clearance of debris and restoration of objects damaged as a result of hostilities; construction of civil protection protective structures, unloading works; packaging and delivery of

humanitarian aid; assist junior medical personnel in the care of wounded service members in hospitals, etc.

The State Employment Service cooperates with the Pension Fund of Ukraine through interdepartmental information exchange in various areas of activity.

Also, the State Employment Service interacts with territorial communities, promoting the development of settlements and the implementation of population employment programs. It ensures the population's accessibility to the State Employment Service's services, especially in rural areas. Out-of-town workplaces are organised in territorial communities for the reception of citizens and the provision of services by representatives of the State Employment Service.

Also, the State Employment Service, with the involvement on a public basis of specialists from state authorities and successful entrepreneurs from among the former unemployed, has organised on a permanent basis the provision of free individual and group consultations on issues of organisation and implementation of entrepreneurial activities for those who wish to start entrepreneurial activities or those who are already engaged in such activities.

- Are social services available to people in need?

The provision of social services is regulated by the Law of Ukraine „On Social Services”, which states that social services are provided through case management that includes several stages: analysis of the application, assessment of needs, determination of the applicant's average monthly total income, decision-making, development of an individual plan, conclusion of a contract, contract execution, and monitoring. This process takes up to 10 working days.

Decisions on the provision of social services are made by the social protection units of the executive authorities of village and city councils, as well as regional state administrations for inpatient care. Social services are provided within the budget of local authorities.

At the same time, emergency (crisis) provision of social services was introduced during the work organization on the provision of social services under martial law. This applies especially to citizens who are in the territories of hostilities and internally displaced persons. This organisation of work ensures prompt, within one day, decision-making on providing social services.

The procedure for making a decision on the provision of social services has also been simplified: the list of documents has been optimized, the possibility of making a decision based on one application (in case the person does not have documents) has been introduced, and social services have been provided at the place of application.

Introduction of the complex social service for resilience building.

On 03.10.2023, the Cabinet of Ministers of Ukraine approved Resolution (No. 1049) „On the implementation of an experimental project on the introduction of the comprehensive social service of resilience building.

This social service will contribute to:

- maintaining the mental health of the population and reducing the general level of stress and anxiety among the population;
- adaptation of persons/families/groups living in the territory of the territorial community, in particular, internally displaced persons, to crisis situations;
- ensuring the comprehensive approach to the delivery of social services to persons/families/groups in difficult life circumstances and/or belonging to vulnerable groups living in the territory of the territorial community;
- strengthening of family ties and development of parental competencies ;
- strengthening and coordination of the volunteer movement;
- increasing the social cohesion in the territorial community.

Special attention will be paid to families the most affected by the war: military personnel and veterans, and families with small children.

Implementation of the experimental project is planned for December 2023 - December 2024.

143 territorial communities have been identified as participants in the experimental project, and 19 providers have started providing this service.

Introduction of contractual form of delivering the social service „Social accompaniment of servicemen and their family members”

In addition, on 03.10.2023, the Cabinet of Ministers of Ukraine approved a Resolution „On the implementation of an experimental project on the introduction of a contractual form of delivering the social service „Social accompaniment of servicemen and their family members” in military units (subunits) of the Armed Forces”.

The goal of the experimental project implementation is to determine the content, scope, and procedure for delivering the social service „Social accompaniment of servicemen and their family members” in the military units (subunits) of the Armed Forces („the social service”) by introducing a contractual form of its delivery, which will promote the provision of psychosocial support to servicemen and their family members, ensuring the consistency and availability of social services, preventing difficult life circumstances for servicemen and their family members, ensuring early identification of such circumstances, increasing the efficiency of work to overcome difficult life circumstances and minimising their consequences.

In 2023, 5 battalions of the Armed Forces of Ukraine were involved in the pilot project implementation.

5 providers of the social service and, accordingly, 22 specialists of social work were involved.

It was received 320 requests for delivery of the above-mentioned social service, and a needs assessment was carried out.

Based on the results of the assessment, 252 decisions were made to provide the social service „Social accompaniment of servicemen and their family members” in military units (subunits) of the Armed Forces of Ukraine.

Social adaptation of veterans and their family members at the stage of their return to the civilian life

The Ministry of Social Policy has developed the draft State Standard of the Social Service “Social adaptation of veterans and their family members at the stage of their return to civilian life” (hereinafter the Service).

The Service envisages two levels:

1) a one-week program of social recovery with family members under the supervision of psychologists, social workers and social educators, aimed at preserving and restoring social ties, promoting the formation of trusting relationships in the family, stabilisation of the psycho-emotional state, resistance to combat psychological traumatisation at the stage of recovery. The program is conducted on the basis of recreation and resort facilities;

2) delivery of the social adaptation service immediately in the community, which involves assistance in analysing the life situation, determining the main needs or potential problems, ways of their satisfaction /solution; assistance to the veteran in forming a further development plan in all spheres of life; establishing conditions for formation and development of social skills, abilities, social competence; assistance in strengthening/restoring family and socially beneficial ties; assistance in organisation of physical recovery, recovery of cognitive processes; delivery of information on social protection of the population; forwarding to relevant specialists for solving urgent problems and assistance in obtaining other social services and specialist consultations in accordance with identified needs.

Delivery of the service has been successfully piloted in the Poltava oblast (60 families were covered by the service).

Currently, the draft of the State Standard is being reconciled with the structural units of the Ministry.

During 2023, the bodies of the Pension Fund of Ukraine provided 12.3 million services. At the same time, the reception and service of citizens are carried out according to the principle of extraterritoriality, that is, regardless of the person's place of residence in the service territory of the relevant body of the Pension Fund

of Ukraine.

Access to services is provided in 552 premises of service centres of the main offices of the Pension Fund of Ukraine in the regions and the city of Kyiv, at 973 remote workplaces, including in united territorial communities.

You can receive services remotely, in particular through the web portal of electronic services of the Pension Fund of Ukraine.

In accordance with the Law of Ukraine "On Appeals of Citizens" during 2023, 754,700 appeals from citizens were registered, including 57,200 appeals in the Pension Fund of Ukraine apparatus, 697,200 appeals in subordinate bodies of the Pension Fund of Ukraine.

● ***De-institutionalisation: is there a process for transition from institutional to community-based care for vulnerable groups (children, persons with disability, persons with mental health problems, older persons)?***

To fulfil the agreements with the EU Party and to develop and ensure the implementation of the national plan for family child care and upbringing in Ukraine, the Government approved the Cabinet of Ministers of Ukraine Resolution dated May 26, 2023, No. 538 “ On the establishment of the Coordination Center for Family Upbringing and Child Care Development” that established the Coordination Center.

The European Union and the United Nations Children's Fund (UNICEF) in Ukraine support the Coordination Center's activities.

The Coordination Center for the Development of Family Upbringing and Child Care, with the participation of experts and representatives of central and local government bodies, non-governmental and community-based organisations, is developing the Strategy for Implementation of the European Commission's Recommendations provided in the Report on Ukraine for the 2023 EU Enlargement Package ensuring the right of every child in Ukraine to grow up in a family environment for 2024-2028, which was presented with the participation of the First Lady of Ukraine O. Zelenska in November 2023.

In order to study the current state of the system of care and upbringing of children, the reasons had caused failure of previous attempts to reform it, and to determine priority steps to ensure the right of every child to grow up in a family environment, a series of public consultations was held with more than 500 participants, including experts, representatives of government bodies, local self-governance authorities, NGOs, house parents, children with life experience of upbringing in institutional care and alternative family forms of care and upbringing from Kyiv, Zhytomyr, Lviv, Dnipropetrovsk, Kharkiv, Poltava, Odesa and Volyn oblasts.

Moreover, through the Coordination Center, planned to create the International Advisory Council at the Coordination Center for Family Upbringing and Child Care

Development a group of high-level global stakeholders who would help the Coordination Center provide well-coordinated international support from partner countries for the implementation of the reform „Better care in Ukraine”.

The State Service of Ukraine for Children was established by the Resolution of the Cabinet of Ministers of Ukraine dated 29.09.2023 № 1048. It implements state policy in the fields of protecting children's rights, social support for families with children, health improvement and recreation for children, development of family-based care forms, and adoption.

The Ministry of Social Policy, in accordance with the recommendations of the European Commission, provided in the Report on Ukraine within the framework of the 2023 Enlargement Policy, as it pertains to implementation of the deinstitutionalisation process for the transition to care for persons with disabilities in the community, and according to the „Guidelines on deinstitutionalisation , including in emergencies”, adopted by the UN Committee on the Rights of Persons with Disabilities on 10.10.2022, is developing a mechanism for a gradual transition from 24-hours inpatient care for the elderly persons and persons with disability to delivery of social services of supported living and daycare in the community.

The transition to such a model will allow such persons to socialise / resocialise, become active members of society, and, in the future, live independently.

The development of the system of providing social services to persons suffering from mental disorders has also been started.

Every Ukrainian region has residential institutions within the social protection system. More than 41,500 people are placed in such institutions, most of whom—26,500 people live in psychoneurological care facilities.

As part of the Action Plan for 2023-2024 for the implementation of the National Strategy for the Creation of a Barrier-Free Space in Ukraine for the Period Until 2030, approved by the Cabinet of Ministers of Ukraine Ordinance No. 372 dated 25.04.2023, the Cabinet of Ministers of Ukraine Resolution dated 27.10.2023 „Some issues of social services delivery” amended the following normative legal acts regulating social services delivery, including, the supported living:

The procedure for social services delivery to persons with disabilities and elderly persons suffering from mental disorders, approved by the Cabinet of Ministers of Ukraine Resolution dated 26.06.2019 No. 576;

Resolution of the Cabinet of Ministers of Ukraine dated 03.03.2020 No. 177 „Some issues of activity of social service delivery centres”;

The procedure for establishing a differentiated fee for social services, approved by the Cabinet of Ministers of Ukraine Resolution dated 01.06.2020 No. 429.

At the same time, the social service of supported living is being piloted in the Lviv and Kyiv oblasts and in the city of Kyiv:

Lviv oblast:

3 houses of supported living, where 22 persons with mental disabilities live (including 11 persons from psychoneurological care facilities);

1 apartment for supported living, where 4 persons live;

Kyiv oblast:

1 house of supported living, where 8 people live;

City of Kyiv:

2 transition/training apartments where 6 people live and get trained (the training course may be from 6 to 1.5 months).

The pilot is carried out as a part of the Ukrainian-Swiss project implementation „Mental Health for Ukraine” (MH4U).

Currently, the Ministry of Social Policy, with the support of WHO, is working on the formulation of the long-term care model .

Currently, the draft of the Strategy for reforming psychoneurological and other residential institutions and deinstitutionalisation of care for persons with disabilities and the elderly is developing. Approval of the strategies mentioned above is an indicator of the Ukraine Plan under the Ukraine Facility.

● ***Is the EU Statistics on Income and Livings Conditions (EU-SILC) available in the country? Is it provided to and published by Eurostat?***

In order to prepare for the introduction of the sample survey "Statistics of income and living conditions (EU-SILC)" (hereinafter - the EU-SILC survey) in December 2023, a corresponding pilot survey was conducted in 9 regions. In 2024, experimental calculations of indicators of poverty and social exclusion, improvement of the methodology and the list of indicators based on the results of the pilot survey will be carried out. The full-scale EU-SILC survey is expected to be implemented starting in 2025.

6. NON-DISCRIMINATION IN EMPLOYMENT AND SOCIAL POLICY

● ***Is the legislation (e.g. non-discrimination law, labour law) in line with EU acquis? If new legislative and policy tools been adopted? If so, please provide a qualitative assessment.***

Article 2¹ of the Labour Code of Ukraine stipulates that any discrimination in the field of labour, including violation of the principle of equality of rights and opportunities, direct or indirect restriction of employees' rights based on race, skin colour, political, religious and other beliefs, gender, ethnic, social and foreign origin, age, health status, disability, gender identity, sexual orientation, suspicion or presence of HIV/AIDS, marital and property status, family responsibilities, is prohibited, place of residence, membership in a trade union or other public association, participation in a strike, applying or intending to apply to a court or other

authorities for the protection of their rights or providing support to other employees in protecting their rights, reporting possible facts of corruption or corruption-related offences, other violations of the Law of Ukraine "On Prevention of Corruption", as well as assisting a person in making such a report, on language or other grounds not related to the nature of work or conditions of its performance.

The actions established by this Code and other laws, as well as restrictions on the rights of employees that depend on the requirements inherent in a particular type of work (age, education, health, gender) or are due to the need for enhanced social and legal protection of certain categories of persons, shall not be considered discrimination in the field of labour.

Laws and charters of business entities (except for joint-stock companies), agricultural cooperatives, farms, public associations, religious organisations and legal entities founded by religious organisations may establish advantages for their founders (participants) and members in providing employment, transferring to another job and staying in the job in case of dismissal.

Persons who believe that they have been subjected to discrimination in the field of labour have the right to file a complaint with state authorities, authorities of the Autonomous Republic of Crimea, local self-government bodies and their officials, the Ukrainian Parliament Commissioner for Human Rights and/or the court.

Pursuant to Article 2² of the Labour Code of Ukraine, mobbing (harassment) is a systematic (repeated) long-term intentional action or inaction of an employer, individual employees or a group of employees of a labour collective aimed at humiliating the honour and dignity of an employee, his or her business reputation, including with the aim of acquiring change or termination of labour rights and obligations, manifested in the form of psychological and/or economic pressure, including through the use of electronic communications, creating a tense, hostile, offensive atmosphere towards an employee, including one that makes him/her underestimate his/her professional suitability.

Forms of psychological and economic pressure include, in particular, Creating a tense, hostile, offensive atmosphere towards an employee (threats, ridicule, slander, disparaging remarks, threatening, intimidating, humiliating behaviour and other ways of putting an employee out of psychological balance);

unreasonable negative singling out of an employee from the team or isolation (non-invitation to meetings and conferences in which the employee, by local regulations and organisational and administrative acts, must participate, obstruction of the employee's performance of their labour function, preventing the employee from entering the workplace, transferring the workplace to places unsuitable for this type of work);

unequal opportunities for training and career development;

unequal pay for work of equal value performed by employees of equal qualifications;

unjustified deprivation of an employee of a part of payments (bonuses, bonuses and other incentives);

unreasonable uneven distribution of workload and tasks by the employer among employees with the same qualifications and labour productivity performing equivalent work.

Employer requirements for the proper performance of work duties by an employee, changes in the employee's workplace, position, or remuneration in accordance with the procedure established by law, collective bargaining agreement, or employment contract, shall not be considered mobbing (harassment).

Mobbing (harassment) is prohibited.

Persons who believe that they have been subjected to mobbing (harassment) have the right to file a complaint with the central executive body implementing the state policy in the field of supervision and control over compliance with labour legislation and/or a court.

The legal and organisational framework, basic principles and procedure for state supervision (control) in the field of economic activity, powers of state supervision (control) bodies, their officials and rights, duties and responsibilities of business entities in the course of state supervision (control) are set out in the Law of Ukraine "On Basic Principles of State Supervision (Control) in the Field of Economic Activity" of 05.04.2007 No. 877-V (hereinafter - Law No. 877).

Part six of Article 2 of Law No. 877, in particular, stipulates that control measures are carried out by the bodies of state supervision and control over compliance with labour and employment legislation in accordance with the procedure established by this Law, taking into account the specifics determined by laws in the relevant areas and international treaties.

Currently, such peculiarities are set out in Article 16 of the Law of Ukraine "On the Organisation of Labour Relations under Martial Law" (the "Law"), which limits the scope of issues that may be investigated in the course of state supervision (control) over compliance with labour legislation during martial law, in particular, compliance with the requirements of this Law, as well as the identification of unformed labour relations and the legality of termination of employment contracts, which do not include the issue of mobbing.

In view of the above, the State Labour Service of Ukraine will be able to carry out state supervision (control) measures on mobbing issues after the legislative regulation of this issue, in particular, amendments to Article 16 of the Law.

In order to solve the issue of conducting inspections in the area of mobbing, a draft Law of Ukraine "On Amendments to Article 16 of the Law of Ukraine "On the Organization of Labor Relations in Martial Law" (registration No. 11044 dated 28.02.2024) was developed.

- ***Is there a strategy/action plan specific to the field of employment? If so, please assess its implementation.***

In 2023, the implementation of the State Employment Service Development Strategy for 2022-2024 was continued.

- ***What is the trend in Court cases that result in sentences handed down? Please provide statistics if available. Are sanctions applied and if so, are they effective, proportionate and dissuasive?***

There are no official statistics on court cases related to discrimination at work.

- ***Assess the work of the equality body/Ombudsman as regards discrimination in the field of employment (mandate, complaints, awareness-raising, cooperation with NGOs, etc.).***

Issues related to the observance of human and citizen rights to work, the rights of natural persons - entrepreneurs to business activities, and the rights of insured persons under mandatory state social insurance are the objects of constant monitoring by the Commissioner of the Verkhovna Rada of Ukraine for Human Rights (hereinafter - the Commissioner). In 2023, the Commissioner received 1,478 reports of violations of the labour rights of employees. The most significant issues in this field were the implementation of the right to receive remuneration for work, the rights of victims at work due to an accident at work and occupational disease.

7. EQUALITY BETWEEN WOMEN AND MEN IN EMPLOYMENT AND SOCIAL POLICY

- ***Legislative developments in the area of pregnancy, maternal, paternity and parental leave, unpaid leave, right to work part time for parents, and their effective implementation.***

In order to prevent gender discrimination, the labour law provides for the granting of leave to one of the parents, namely the mother or father of the child, to take care of the child until the child reaches the age of three, additional leave to employees who have children or an adult child - a person with a childhood disability of subgroup A I groups

The Law of Ukraine dated 13.07.2023 No. 3238-IX "On Amendments to Certain Legislative Acts of Ukraine Regarding the Peculiarities of Using Leave in Connection with Pregnancy and Childbirth" provides an opportunity for a working woman, in the absence of medical contraindications, and at her request, to start a leave in connection with due to pregnancy and childbirth later than 70 (90) days before the expected date of childbirth and proportionally increase the postpartum part of the leave. At the same time, the total duration of leave provided for by law will not change.

Law of Ukraine dated 22.11.2023 No. 3494-IX "On Amendments to Certain Legislative Acts of Ukraine Regarding Regulation of Provision and Use of Vacations, as well as Other Matters", in particular, amended Article 84 of the Labor Code of Ukraine, namely, increased the maximum the duration of leave due to family circumstances and for other reasons without saving wages from 15 to 30 calendar days per year.

- ***Is there a gender gap in employment and/or equal payment?***

In recent years, Ukraine has been actively working to reduce the gender pay gap. Our country has joined international initiatives and coalitions, and this work is already yielding results.

Ukraine is currently at the stage of declaring its goals of closing the gender pay gap. But the gender gap is not just about wages. It also includes women's access to senior management and administrative positions, as well as equality in the performance of home-based work and care work.

According to the conclusions of the European Committee of Social Rights of the Council of Europe, as of 2018, the situation in Ukraine did not meet the requirements of gender pay equality.

The main reasons for this are systematic discrimination and underestimation of women's labour.

In accordance with Article 94 of the Labour Code of Ukraine, wages are remuneration paid by an employer to an employee for work performed by him or her. The amount of wages depends on the complexity and conditions of the work performed, the employee's professional and business qualities, the results of his or her work and the economic activities of the enterprise, institution, organisation and is not limited to a maximum amount.

Article 21 of the Labour Code of Ukraine prohibits any discrimination in the field of labour, including violation of the principle of equality of rights and opportunities, direct or indirect restriction of employees' rights, in particular, based on gender, marital and property status, and family responsibilities.

Improving labour legislation, overcoming employer stereotypes, and increasing women's motivation are key to making the trend of reducing the gender pay gap in Ukraine sustainable and irreversible.

According to the World Economic Forum's report, the gap has narrowed significantly since 2022: Ukraine has risen in the global ranking of gender pay equality by many positions. According to the World Economic Forum, it will take 132 years for the world to achieve gender pay equality. Ukraine will take 90 years.

Over the past six years, the pay gap in Ukraine has narrowed by 7.4% and now stands at 18.6%. This figure is lower than the global average but higher than in many EU countries. Nevertheless, there is still a lot of work to be done to achieve absolute equality.

On 15.09.2023, the Cabinet of Ministers of Ukraine approved the National Strategy for Closing the Gender Pay Gap until 2030 and approved an operational action plan for its implementation for 2023-2025.

The document was developed to ensure a systematic and steady reduction of the gender pay gap for work of equal value.

The strategy's main goal is to achieve a sustainable reduction of the gender pay gap by 2030 by creating favourable conditions and developing effective mechanisms to ensure progress in this area.

According to the latest research by the International Labour Organization, there are no universal ways to address the gender pay gap. In such circumstances, international labour standards and other key instruments are of particular importance.

The Strategy is aimed at achieving the following goals:

improving legislation on equal pay;

creating favourable conditions for overcoming stereotypes and discrimination in relation to professions based on gender;

creating favourable conditions for a convenient combination of family and professional responsibilities.

To implement the strategy, the following tasks are expected to be fulfilled:

ensuring regular updates of the national methodology for compiling information on wages and the gender pay gap in line with international standards;

creating conditions for increasing the number of employers implementing the principle of gender equality in the workplace, including the principle of equal pay for work of equal value;

implementing a large-scale campaign "Of course you can" to overcome stereotypes and strengthen the role of women in post-war reconstruction;

creating conditions for women and men to receive education and choose a profession in areas where they are not traditionally represented, etc.

The expected result of the Strategy is a reduction of the gender pay gap by 5 percentage points by 2030 compared to 2021.

● ***Are there measures for elimination of sexual harassment⁶⁵ in the workplace and discriminatory gender wage in place?***

In order to ensure a systematic and steady reduction of the gender pay gap for work of equal value, the Cabinet of Ministers of Ukraine approved the National Strategy for Eliminating the Gender Pay Gap for the Period up to 2030 (hereinafter – the National Strategy) by its Resolution No. 815 dated 15.09.2023. The purpose

⁶⁵ Is the country taking steps towards the ratification of the ILO Convention No. 190 on Violence and Harrasment?

of the National Strategy is to achieve a sustainable reduction of the gender pay gap by 2030, in particular by improving the legislation on equal pay, promoting the elimination of stereotypes and discrimination in relation to professions based on gender, and creating favourable conditions for a convenient combination of family and professional responsibilities. In order to create favourable conditions for the convenient reconciliation of family and professional responsibilities, which will facilitate women's entry into the labour market, the National Strategy envisages the following tasks:

- ensuring the functioning of a system to encourage employers to implement policies friendly to reconciling professional and family responsibilities (creating opportunities for caring for family members of their employees).

- ensuring the development of infrastructure through the creation of public and private preschool education institutions and ensuring their operation.

- creating and improving conditions for the development of alternative forms of childcare and disseminating information about them.

- optimising standard policies for employers to assist employees in reconciling professional and family responsibilities. At the same time, the Ministry of Economy issued Order No. 3050 dated 01.02.2024 “On the Establishment of a Working Group to Prepare Proposals for Implementing Measures to Eliminate the Gender Pay Gap”, which approved the composition of the working group to prepare proposals for implementing measures to overcome the gender pay gap. The activities of the working group are aimed at coordinating and synchronising all stakeholders and include periodic meetings aimed at effective interaction and communication to review joint developments aimed at the quality performance of the tasks set out in the operational plan.

In 2023, the Ministry of Internal Affairs of Ukraine developed Draft Laws of Ukraine aiming to improve the mechanism for preventing and combating sexual harassment in the workplace, namely: Draft Law of Ukraine “On Amendments to the Disciplinary Statute of the National Police of Ukraine on Preventing Cases of Gender Discrimination and Sexual Harassment in the Workplace” (reg. No. 9340 date 29.05.2023); Draft Law of Ukraine “On Amendments to the Law of Ukraine “On the Disciplinary Statute of the Civil Protection Service” on Ensuring Equal Rights and Opportunities for Women and Men Serving in the Civil Protection Service, Preventing and Combating Discrimination and Sexual Harassment” (reg. No. 9099 of 13.03.2023). In order to raise personnel awareness about the changes already made, as well as to acquire the skills of identifying cases of discrimination and sexual harassment, the Ministry of Internal Affairs conducts a series of relevant training sessions annually. It also developed and distributed Methods of Preventing and Combating Discrimination on the Grounds of Sex and Sexual Harassment at the Workplace in the Bodies of the Ministry of Internal Affairs and Memo on Preventing Cases of Discrimination by Members of Commissions functioning within the bodies of the Ministry of Internal Affairs. In addition, the Ministry of Internal Affairs introduced the annual analysis of the career growth of women and men considering

the principle of equal rights and opportunities for women and men, as well as an anonymous survey of employees of structural units of the Ministry of Internal Affairs to determine the level of satisfaction with the conditions of service considering the principle of equal rights and opportunities for women and men.

- ***Do gender-based stereotypical preconceptions persist about childcare and household work being a woman's responsibility?***

Ukraine is on the way to overcoming gender stereotypes regarding women's domestic responsibilities. A modern Ukrainian woman is a strong, active, intelligent, purposeful and strong-willed person.

- ***Are there enough and affordable kindergartens and early childhood education and care (ECEC) facilities throughout the country in order to enable parents to participate in the labour market?***

Ensuring access to preschool education is under the responsibility of local authorities. There are three main pressing issues on ensuring access to preschool education in wartime:

destruction and damage of premises of preschool institutions (as of 09.04.2024 1169 preschool education institutional have been damaged and 117 are completely destroyed);

only 72,4% of preschool institutions (of total 11,892 institutions) operate in face-to-face mode (8,613 preschool institutions with 562293 children), 2,093 institutions (with 112606 children) operate in distance and 1,186 (with 78170 children) in blended mode (as of 09.04.2024);

another 869 preschool institutions are located in the temporarily occupied territories.

7768 preschool institutions accept 52278 children from among IDPs.

In wartime data regarding the need in places in preschool institutions is not collected. However, the shortage of places in preschool institutions still exists in urban areas - in settlements with a high density of population (big cities, oblast centres and settlements in the West of Ukraine accepting children from among IDPs). Adoption of the new Law “On Preschool Education” (which is one of the benchmarks for Ukraine Facility Plan) will contribute to building flexibility and adaptivity of the preschool education system in Ukraine and more effective involvement of women with preschool children in the labour market.

- ***What is the current trend on the distribution of unpaid housework and provision of care?***

There is no information on trends in the distribution of unpaid housework and caregiving.

- ***Are there tax-benefit systems implemented so that both parents have broadly similar financial incentives to work?***

There is no information on the system of tax benefits, so that both parents have the same financial incentives to work.

- ***Is there an increase of women representation in decision-making positions by encouraging measures such as voluntary targets or quotas in place?***

The level of women's participation in decision-making in Ukraine is relatively low.

Although women traditionally make up more than 75% of all civil servants in Ukraine. At the same time, the minimum required number of women in the public administration sector, in particular in leading management positions, is important not only for reasons of fairness, but also because in this way women's perspectives are brought to a greater extent in politics and other public discussions.

- ***Are there legislative and non-legislative measures adopted/implemented to support Work-Life Balance for Working Parents and Carers (see <http://ec.europa.eu/social/main.jsp?catId=1311&langId=en>)?***

In order to ensure a systematic and steady reduction of the wage gap between women and men for work of equal value, the Decree of the Cabinet of Ministers of Ukraine dated 15.09.2023 No. 815 approved the National Strategy for Overcoming the Gender Gap in Labor for the Period Until 2030 (hereinafter - the National Strategy).

The goal of the National Strategy is to achieve a sustainable reduction of the gender pay gap by 2030, in particular by improving legislation on equal pay, helping to overcome stereotypes and discrimination regarding professions based on gender, and creating favourable conditions for a convenient combination of family and professional responsibilities.

To create favourable conditions for a convenient combination of family and professional responsibilities, which will facilitate the entry of women into the labour market, the National Strategy provides for the following tasks:

ensuring the functioning of the system of encouraging employers to implement a policy friendly to the combination of professional and family responsibilities (creating an opportunity to care for family members of their employees);

ensuring infrastructure development by creating state and private preschool education institutions and ensuring their activities;

creation and improvement of conditions for the development of alternative forms of child care and dissemination of information about them;

optimisation of the typical policy for employers to provide assistance to employees in combining professional and family responsibilities.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

The military aggression had an impact significantly on the Labour market of Ukraine as the large flows of internally displaced persons as well as mobilisation, has deepened employment issues. The key reasons for this situation include:

Large-scale emigration of skilled workers (the Organisation for Economic Cooperation and Development (OECD) found that 77% of forced migrants from Ukraine had work experience in their home country, 20% were self-employed or entrepreneurs; education data shows that 71% of military migrants have a university degree);

mass mobilisation of citizens previously participating in the Labour market to the Armed Forces;

the mismatch between the skills and qualifications of candidates for vacant positions and the requirements of employers.

According to the State Employment Centre, in 2023, 483.2 thousand unemployed people were registered in the country, which is 45.6% less than the previous one ^[1]. As of 1st February 2024, 101.4 thousand Ukrainians had unemployment status. Among them, 24.9 thousand men (or 24%) and 76.5 thousand women (or 76%) were unemployed. The reduction in the number of unemployed men is, on the one hand, due to their mobilisation into the Armed Forces of Ukraine and, on the other hand, to their unwillingness to be mobilised due to the obligation to present a military ID card when registering as unemployed.

People with disabilities and internally displaced persons (IDPs) are the most vulnerable categories of the population in terms of employment. As of September 2023, about 800,000 of the 2.1 million IDPs of working age were employed. Before the outbreak of full-scale war, 16% of the 2.7 million people with disabilities registered in Ukraine were employed. The war causes a significant number of citizens, especially military personnel, to lose various degrees of body functionality, which will have a negative impact on the financial independence of their families and increase the shortage of specialists in the labour market.

Paragraph seventeen of clause 33³ of Section VIII "Final Provisions" of the Law of Ukraine "On Compulsory State Social Insurance in Case of Unemployment" stipulates that *during martial law, the maximum amount of unemployment benefits may not exceed the minimum wage established by law as of 1st January of the calendar year*, which reduces the maximum amount of benefits established by the

Law of Ukraine "On Amendments to Certain Laws of Ukraine on the Functioning of Employment and Compulsory State Social Insurance in Case of Unemployment" by one third.

This provision does not comply with the social insurance principle of differentiating unemployment benefits depending on the length of insurance and duration of unemployment and narrows the scope of the rights of insured persons, which is contrary to the provisions of the part three of the Article 22 of the Constitution of Ukraine.

In connection with the introduction of martial law in Ukraine, the State Labour Service of Ukraine and its territorial bodies have not carried out state supervision (control) over compliance with labour legislation since 24 February 2022.

On 16 June 2023, the Ministry of Economy of Ukraine issued an order allowing the State Labour Service of Ukraine to conduct unscheduled state supervision (control) measures in the field of labour protection, occupational health and safety, as well as supervision and control over compliance with labour legislation during the period of martial law on the grounds set out by the Law of Ukraine "On Organisation of Labour Relations under Martial Law".

At the same time, the impossibility of carrying out state supervision (control) over compliance with the requirements of the legislation on compulsory state social insurance directly affects the observance of human and civil rights to social protection.

Currently, the Verkhovna Rada of Ukraine is considering the draft law "On Amendments to the Article 16 of the Law of Ukraine "On Organisation of Labour Relations under Martial Law" regarding inspections in terms of mobbing" (Reg. No. 11044 as of 28.02.2024).

The Ukrainian Parliament Commissioner for Human Rights provided a position on the draft law regarding the need for the State Labour Service of Ukraine to carry out state supervision (control) measures in compliance with the requirements of the legislation on compulsory state social insurance.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ adopt new framework legislation in the field of labour relations and occupational health and safety to bring it in line with applicable EU directives and ensure an enabling environment for bipartite and tripartite social dialogue and strengthen the capacities of social partners

In order to fulfill the obligations defined by Annex XL to Chapter 21 "Cooperation in the field of employment, social policy and equal opportunities" of Chapter V "Economic and sectoral cooperation" of the Association Agreement between Ukraine, on the one hand, and the European Union, the European Community with of atomic energy and their member states, on the other hand, the Ministry of Economy prepared a draft of the Labor Code of Ukraine.

The draft Labor Code of Ukraine implements the provisions of the EU Directives, in particular:

Directive 2000/54/EC of the European Parliament and of the Council of 18 September 2000 on the protection of workers from risks related to exposure to biological agents at work (seventh individual directive within the meaning of Article 16(1) of Directive 89/391/EEC);

Council Directive 94/33/EC of 22 June 1994 on the protection of young people at work;

Directive 2004/37/EC of the European Parliament and of the Council of 29 April 2004 on the protection of workers from the risks related to exposure to carcinogens or mutagens at work (Sixth individual Directive within the meaning of Article 16(1) of Council Directive 89/391/EEC) (codified version) (Text with EEA relevance);

Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU;

Council Directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employees' rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses;

Council Directive 97/81/EC of 15 December 1997 concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and the ETUC - Annex : Framework agreement on part-time work;

Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community - Joint declaration of the European Parliament, the Council and the Commission on employee representation;

Directive (EU) 2019/1152 of the European Parliament and of the Council of 20 June 2019 on transparent and predictable working conditions in the European Union;

Council Directive 1999/70/EC of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP;

Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin;

Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation;

Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast);

Council Directive 79/7/EEC of 19 December 1978 on the progressive implementation of the principle of equal treatment for men and women in matters of social security;

Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies;

Directive 2003/88/EC of the European Parliament and of the Council of 4 November 2003 concerning certain aspects of the organisation of working time;

Council Directive 91/383/EEC of 25 June 1991 supplementing the measures to encourage improvements in the safety and health at work of workers with a fixed-duration employment relationship or a temporary employment relationship;

Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work;

Council Directive 92/85/EEC of 19 October 1992 on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding (tenth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC);

Council Directive 89/654/EEC of 30 November 1989 concerning the minimum safety and health requirements for the workplace (first individual directive within the meaning of Article 16 (1) of Directive 89/391/EEC);

Directive 2009/104/EC of the European Parliament and of the Council of 16 September 2009 concerning the minimum safety and health requirements for the use of work equipment by workers at work (second individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC) (Codified version) (Text with EEA relevance);

Council Directive 89/656/EEC of 30 November 1989 on the minimum health and safety requirements for the use by workers of personal protective equipment at the workplace (third individual directive within the meaning of Article 16 (1) of Directive 89/391/EEC);

Regulation (EU) 2016/425 of the European Parliament and of the Council of 9 March 2016 on personal protective equipment and repealing Council Directive 89/686/EEC (Text with EEA relevance);

Directive 2004/37/EC of the European Parliament and of the Council of 29 April 2004 on the protection of workers from the risks related to exposure to carcinogens or mutagens at work (Sixth individual Directive within the meaning of Article 16(1) of Council Directive 89/391/EEC) (codified version) (Text with EEA relevance);

Council Directive 92/85/EEC of 19 October 1992 on the introduction of

measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding (tenth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC);

Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work;

Directive 1999/92/EC of the European Parliament and of the Council of 16 December 1999 on minimum requirements for improving the safety and health protection of workers potentially at risk from explosive atmospheres (15th individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC).

Also, the draft articles of the Labor Code of Ukraine take into account the requirements of Article 24 of the European Social Charter (revised), in particular, the obligation to recognise the right of all employees not to be dismissed without valid reasons for such dismissal, related to their ability to work or behaviour, or current needs enterprises, institutions or services.

The implementation of sub-item 2 of item 82 of the Action Plan for supporting the draft Law of Ukraine "On Safety and Health of Workers at Work" (registration number 10147) in the Verkhovna Rada of Ukraine continues.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

**CLUSTER 3: Competitiveness
and Inclusive Growth**

**CHAPTER 20 – Enterprise and
Industrial Policy**

ЄШУА

УКРАЇНА

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ЄВРОПА

1. INDUSTRIAL POLICIES AND COMPETITIVENESS

- *If there are changes for 2024, whether consultations were held with interested parties (business operators, academic and research institutions, intermediary agencies)? If so, how and when?*

In accordance with Article 5 of the Law of Ukraine "On the Principles of State Regulatory Policy in the Field of Economic Activity" (hereinafter referred to as the Law), ensuring the implementation of state regulatory policy includes the publication of draft regulatory acts for the purpose of receiving comments and proposals from individuals and legal entities, their associations, and also open discussions with the participation of members of the public on issues related to regulatory activities.

According to Article 6 of the Law, citizens, business entities, their associations and scientific institutions, as well as consultative and advisory authorities created under state authorities and local self-government authorities and representing the interests of citizens and business entities, have the right to submit comments and suggestions regarding the published drafts of regulatory acts, participate in open discussions of issues related to regulatory activities.

Article 9 of the Law stipulates that all comments and suggestions regarding the draft regulatory act and the corresponding analysis of the regulatory impact, received within the prescribed period (from 1 to 3 months), are subject to mandatory consideration by the developer of this project. Based on the results of this review, the developer of the draft regulatory act fully or partially takes into account the received comments and proposals or rejects them with reasons. The publication of the draft regulatory act for the purpose of receiving comments and suggestions cannot be an obstacle to holding public hearings and any other forms of open discussions of this draft regulatory act.

In accordance with Article 21 of the Law, if the draft regulatory act submitted for approval has not been made public by the drafter of this draft, the authorized authority (SRS) leaves this draft without consideration, about which it informs the drafter in writing no later than the next working day from the date of receipt of the relevant draft by the authorized authority.

In turn, according to Articles 25 and 36 of the Law, a regulatory act cannot be adopted or approved by an executive authority or its official, in particular, if the draft regulatory act has not been made public.

Therefore, draft regulatory acts covered by the Law are necessarily made public with the aim of receiving comments and suggestions from business and the public, and open discussions are additionally held regarding the most relevant draft regulatory acts in another form (meetings, working groups, etc.).

Thus, in 2023, 20 joint meetings were held with executive authorities and

business entities regarding:

- draft laws of Ukraine:

"On the safety and health of employees at work"; "On amendments to some legislative acts of Ukraine regarding liability for violation of the requirements of the legislation on the safety and health of employees at work"; "On state energy control"; "On Amendments to the Law of Ukraine "On Measures to Prevent and Reduce the Use of Tobacco Products and Their Harmful Effects on Population Health" regarding the ban on placing tobacco products and some other products visible to the consumer in places of retail trade"; "On the peculiarities of the management of state-owned objects in the forestry sector and the procedure for the formation and operation of the specialized state forestry joint-stock company "Forests of Ukraine"; "On amendments to the Tax Code of Ukraine and the Law of Ukraine "On Electronic Communications" regarding the rent for the use of the radio frequency resource of Ukraine"; "On placing plant protection products and agrochemicals on the market";

- draft resolutions of the Cabinet of Ministers of Ukraine of Ukraine:

"On making changes to the appendix to the resolution of the Cabinet of Ministers of Ukraine dated October 30, 2008 No. 957"; "On approval of the Technical Regulation of natural gas"; "On Amendments to the Procedure for Confirming the Degree of Localization of Production of Goods"; "On Amendments to Resolution No. 303 of the Cabinet of Ministers of Ukraine dated March 13, 2022"; "On making changes to the procedures approved by the resolution of the CMU of December 11, 2019 No. 1165"; "On Amendments to the Licensing Conditions for Conducting Economic Activities for the Production of Medicinal Products, Wholesale and Retail Trade of Medicinal Products, and the Import of Medicinal Products (except for active pharmaceutical ingredients) regarding the functioning of mobile pharmacies"; "On the supervisory board of the health care institution"; "On Amendments to the Procedure for Dividing Forests into Categories and Allocating Specially Protected Areas";

- draft orders:

Ministry of Energy of Ukraine "On approval of the Methodology for determining the cost of losses (leakage) of natural gas in case of damage to gas pipelines and gas distribution points caused to Ukraine as a result of the armed aggression of the Russian Federation"; of the Ministry of Internal Affairs of Ukraine "On the approval of the Criteria that must be met by organizations conducting fire and man-made safety audits"; Ministry of Economy of Ukraine "On Amendments to the Order of the State Committee of Ukraine on Supervision of Labor Protection dated January 26, 2005 No. 15"; of the Ministry of Economy of Ukraine "On approval of the Requirements for business entities that intend to perform (perform) an examination of the state of labor protection and safety of industrial production, technical inspection and/or expert examination (technical diagnosis), machines, mechanisms, equipment of increased danger"; Ministry of Development of Communities, Territories and Infrastructure of Ukraine "On Approval of Amendments to the Methodology for Distribution of Utilities in Buildings to

Consumers".

In the 1st quarter of 2024, 4 working meetings (offline and online) were held regarding the discussion with economic entities, scientific institutions and representatives of public organizations of the projects of the order of the Ministry of Infrastructure "On approval of changes to the method of distribution among consumers of the volumes of communal services consumed in the building" (February 2024 y.) and Resolutions of the Cabinet of Ministers of Ukraine "On Amendments to the List of Fields of Knowledge and Specialties for which Higher Education Candidates are Trained" and "On Amendments to Resolutions of the Cabinet of Ministers of Ukraine No. 369 dated May 27, 2013 and March 1, 2017 No. 130" (March 2024)

In order to inform the public and the business community about the projects of regulatory acts important for business that have been approved by the central executive authorities, and the results of the processing of the submitted projects of regulatory acts, a weekly digest with an announcement on each project is constantly posted on the official website of the SRS and a list is made public projects of regulatory acts received for approval and decisions regarding them.

● ***Have annual reports been made/progress reports or monitoring, reviews or evaluations on the implementation of sectoral policies or programs for their implementation until about 2023 or earlier? What lessons have been learned to improve implementation in 2024? Was information about applicants or beneficiaries of tenders published in 2023 in another way?***

In terms of regulatory policy in the field of economic activity, in accordance with Article 5 of the Law, ensuring the implementation of state regulatory policy includes the implementation by regulatory authorities (or the main drafters of regulatory acts, in cases provided for by law) of measures to monitor the effectiveness of regulatory acts (which are covered by the Law), aimed at to assess the state of implementation of the regulatory act and the achievement of the goals declared by this act upon its adoption.

Article 10 of the Law provides that basic, repeated and periodic monitoring of each regulatory act is carried out consecutively.

The methodology for monitoring the effectiveness of the regulatory act was approved by the Resolution of the Cabinet of Ministers of Ukraine dated 11.03.2004 No. 308 "On approval of the methods for conducting impact analysis and monitoring the effectiveness of the regulatory act".

After the implementation of relevant measures, the authorities prepare a report on monitoring the effectiveness of the regulatory act (hereinafter - the monitoring report), which contains data on the results of monitoring the effectiveness of the regulatory act and on the methods by which such monitoring was carried out. The most important part of such a report is the assessment of the impact of the regulatory act on economic entities, the state and citizens by tracking

changes in the indicators determined in the analysis of the regulatory impact. Conducting a comparative analysis of the data of the regulatory impact analysis and the monitoring report makes it possible to draw a conclusion regarding the achievement of the goal that was set before the development of the draft regulatory act, the effectiveness of regulation and the expediency of making changes to the legislation.

According to Article 6 of the Law, citizens, economic entities, their associations and scientific institutions, as well as consultative and advisory authorities created under state authorities and local self-government authorities and representing the interests of citizens and economic entities, have the right to be involved regulatory authorities in the implementation of measures to track the effectiveness of regulatory acts and independently prepare to monitor the effectiveness of regulatory acts, submit comments and suggestions based on the consequences of this activity to regulatory authorities or authorities that, in accordance with the Law, based on the analysis of reports on the effectiveness of regulatory acts, make a decision on the need for their viewing

Also, Article 11 of the Law establishes that the review of the regulatory act is carried out based on the analysis of the report on tracking the effectiveness of this regulatory act.

So, it was prepared by the executive authorities and submitted to the SRS in:

- 851 tracking reports in 2023, which is 191.2% of the 2022 indicator, including: 729 (or 86%) tracking reports prepared by the central executive authorities (hereinafter referred to as Central Executive Authorities);

- In the first quarter of 2024 - 155 reports on monitoring the effectiveness of regulatory acts of executive authorities, including 139 (or 90%) reports about tracking are prepared by CEA.

- ***Did meetings take place to co-ordinate across measures and ministries to cover the scope of the EU industry policy for future activities and implementing reports/evaluations/reviews? Were interdependencies with other policies such as competition, education, research, trade and FDI, business environment, employment, and regional policies and themes of defossilisation, notably in the energy intensive industries of the manufacturing industry, resource efficiency and circular economy as well as digitalisation, that are covered in other chapters, on the agenda, too?***

The establishment of the "Horizon Europe" Office in Ukraine under the National Fund for Research of Ukraine (NFRU) opens up new opportunities for collaboration between Ukrainian researchers, scientists, innovative enterprises, and ecosystem organizations with European research, scientific, and innovation centers, as well as institutions such as the European Innovation Council, the European Institute of Technology and Innovation, and EURATOM.

A separate section of Global Innovation Vision (draft Strategy for the Development of Innovative Activity of Ukraine for the period until 2030), presented on December 14, 2023, is dedicated to "Green Transformation Technologies (greentech)", with key tasks including the modernization of material and technical support for scientific and educational institutions involved in training specialists in the energy sector and other fields of "green" transformation, and the creation of international partnerships in this direction.

According to Article 3 of the Law, its effect does not extend to the implementation of regulatory activities related to the adoption of:

- regulatory legal acts containing provisions aimed at implementing the Association Agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their member states, on the other hand, including its annexes;

- regulatory legal acts containing provisions aimed at implementing the Charter on the Special Partnership between Ukraine and the North Atlantic Treaty Organization and the Declaration on its Supplement, other international agreements of Ukraine with NATO and/or NATO's authorized authorities;

- normative legal acts containing provisions related to any stage of conclusion, ratification, approval, acceptance, accession, execution, prolongation, registration, termination and/or suspension of international treaties of Ukraine.

- ***Which of the sectoral policy monitoring indicators used by the EU according to COM/2021/350 (see Appendix 4parts thereof SWD/2021/351), could be available before the cut-off date for reporting, according to NACE, if not for industrial ecosystems?***

Thus, COM/2021/350 provides that preventing the creation of new regulatory barriers is much more effective than trying to remove existing barriers, especially for services. While regulation must keep pace with the development of service markets, the Proportionality Directive and the existing notification procedures provide a comprehensive framework to ensure that measures taken by Member States are justified and proportionate.

The specified provision COM/2021/350 is implemented in the concept of the Law, according to Article 1 of which state regulatory policy in the field of economic activity is a direction of state policy aimed at improving the legal regulation of economic relations, as well as administrative relations between regulatory authorities or other authorities of state power and business entities, preventing the adoption of economically impractical and ineffective regulatory acts, reducing state interference in the activities of business entities, and eliminating obstacles to the development of economic activity, which is carried out within the limits, in the order and in the manner established by the Constitution and laws of Ukraine.

● ***Have the authorities developed a specific SME development strategy/action plan? Are there SME-specific measures in the policy areas of education, R&D, trade, business environment, employment, and regional policies? Please describe its status. Has an evaluation of the SME policy taken place?***

The draft Strategy for the Development of Innovative Activity of Ukraine for the period until 2030 being developed by the Ministry of Digital Transformation of Ukraine and the Ministry of Education and Science of Ukraine anticipates incentives (inter alia financial ones) for business, startups, scientists, investors and international partners to create innovations, innovative activity of enterprises, institutions and organizations, including SME.

Several initiatives are being developed aiming to create incentives for innovations produced by the SME, start-ups and promote development of modern innovative infrastructure. In February 2024 a procedure on competitive selection for R&D projects funded under Horizon-2020 external aid of the EU was amended promoting cooperation between business (including innovative), higher education and research institutions. The respective second competitive selection of R&D projects was launched in March 2024.

● ***What is the state of play of Entrepreneurship education and business support? Is there a national skills intelligence framework and is it linked to a national smart specialization?***

According to the National regulation the "Financial Literacy" course is included in the compulsory elective courses of upper secondary education. "Entrepreneurship and financial literacy" is offered to schoolchildren of grades 5-9. The specified subject will be studied by 8th graders of the "New Ukrainian School" from the 2025/2026 academic year, and 9th graders - from the 2026/2027 academic year.

The Children and Youth Competence Framework is available for use by government bodies, institutions, organizations and civil society. This document can also be used to prepare training (model training) programs on financial literacy for educational institutions, which will contribute to increasing the level of financial competence in children and youth. The framework was approved by the order of the Ministry of Education and Science of 17.01.2024 No. 51-24.

● ***Has there been a thematic or sectoral prioritisation introduced or changed in 2023 or foreseen for 2024 under the industry policy or in a separate document, notably a smart specialisation strategy?***

The draft Law of Ukraine "On approval of the National Targeted Scientific and Technical Space Programme of Ukraine for 2021-2025" is still under consideration by the Verkhovna Rada of Ukraine. After the adoption of the law by the Verkhovna

Rada of Ukraine, the Programme will operate as one of the sectoral priorities.

No relevant developments during the reporting period.

● *Were there changes undertaken in the administrative capacity or efficiency measures, including training, in ministries or implementing organisations in 2023 or foreseen for 2024?*

Civil servants of the Ministry of Economy are prepared annually with individual programs of professional development/improvement of qualifications in accordance with defined tasks and key indicators. On the basis of professional development programs civil servants learn and improve their competences and skills.

2. PRIVATISATION AND RESTRUCTURING

Please see subarea *Privatisation and restructuring (1.3.1. The existence of a functioning market economy, 1.3. Economic Criteria)*.

3. ENTERPRISE AND SMES

● *If the official definition of SMEs and the relevant legislation which regulates this issue are different from the EU definition - what are the plans or progress for harmonisation of the definition? To what extent is it used inside the economy?*

The definition of SMEs in Ukraine (Economic Code of Ukraine, Law "On the development and state support of small and medium-sized enterprises in Ukraine") corresponds to the EC Recommendations (2003/361/EC). It is usually used for addressing state support programs to particular groups of businesses.

The approach under the Commercial Code of Ukraine was implemented with the adoption of the Law of Ukraine "On the Development and State Support of Small and Medium Enterprises in Ukraine" (adopted in 2012), which, with the exception of the annual balance sheet criterion, is more in line with the approach used by the EU, in particular in determining the SME designation in accordance with EU Recommendation 2003/361.

According to the Commercial Code, small businesses are defined as:

Micro-enterprises shall be:

individuals registered in the manner prescribed by law as private entrepreneurs who have an average number of employees during the reporting period (calendar year) not exceeding 10 persons and annual income from any activity not exceeding the amount equivalent to 2 million euros determined according to the yearly average exchange rate of the National Bank of Ukraine;

legal entities – economic entities of any organisational and legal form, and any

form of ownership, and which have an average number of employees during the reporting period (calendar year) not exceeding 10 persons and annual income from any activity not exceeding the amount equivalent to 2 million euros determined according to the yearly average exchange rate of the National Bank of Ukraine.

Small enterprises shall be deemed:

individuals registered in the manner prescribed by law as private entrepreneurs who have an average number of employees during the reporting period (calendar year) not exceeding 50 persons and annual income from any activity not exceeding the amount equivalent to 10 million euros determined according to the yearly average exchange rate of the National Bank of Ukraine;

legal entities – economic entities of any organisational and legal form, and any form of ownership, and which have an average number of employees during the reporting period (calendar year) not exceeding 50 persons and annual income from any activity not exceeding the amount equivalent to 10 million euros determined according to the yearly average exchange rate of the National Bank of Ukraine.

Large enterprises shall be deemed legal entities – economic entities of any organisational and legal form, and form of ownership, and which have an average number of employees during the reporting period (calendar year) exceeding 250 persons and annual income from any activity exceeding the amount equivalent to 50 million euros determined according to the yearly average exchange rate of the National Bank of Ukraine.

Other economic entities shall be regarded as medium enterprises.

• *Have the authorities developed a specific SME development strategy/action plan? Are there SME-specific measures in the policy areas of education, R&D, trade, business environment, employment, and regional policies? Please describe its status. Has an evaluation of the SME policy taken place?*

According to Article 5 of the Law, ensuring the implementation of the state regulatory policy includes the preparation of the regulatory impact analysis and the establishment of a unified approach to the preparation of the regulatory impact analysis and to the monitoring of the effectiveness of regulatory acts.

Article 6 stipulates that citizens, business entities, their associations and scientific institutions, as well as consultative and advisory authorities created under state authorities and local self-government authorities and representing the interests of citizens and business entities, have the right to be involved regulatory authorities to prepare regulatory impact analysis and independently prepare regulatory impact analysis of draft regulatory acts developed by regulatory authorities.

According to Article 8 of the Law, an analysis of the regulatory impact is prepared by its developer for each draft regulatory act. The analysis of the regulatory impact is being prepared for the publication of the draft regulatory act in order to receive comments and suggestions.

The methodology for analyzing the impact of a regulatory act was approved by the Resolution of the Cabinet of Ministers of Ukraine dated March 11, 2004 No. 308 (hereinafter - the Methodology), and is mandatory for use by drafters of regulatory acts.

The developer of the draft regulatory act when preparing the regulatory impact analysis must, in particular:

- determine the expected results of the adoption of the proposed regulatory act, including calculating the expected costs and benefits of business entities, citizens and the state as a result of the regulatory act;

- to reasonably prove that the achievement of the goals set by the proposed regulatory act is possible with the least costs for economic entities, citizens and the state, and the benefits that will arise as a result of the proposed regulatory act justify the corresponding costs in the event that the costs and/or benefits are not can be quantified;

- assess the possibility of implementing and fulfilling the requirements of the regulatory act depending on the resources available to state authorities, local self-government authorities, natural and legal entities that must implement or fulfill these requirements;

- assess the risk of influence of external factors on the effect of the proposed regulatory act;

to determine the performance indicators of the regulatory act.

Clause 8 of the Methodology stipulates that the evaluation of the fulfillment of the requirements of the regulatory act, depending on the resources at the disposal of the executive authorities or local self-government authorities, natural and legal persons who must implement or fulfill these requirements, is carried out by calculating the costs of fulfilling the requirements of the regulatory act for the authorities executive power or local self-government authorities and calculating the costs of introducing state regulation for small business entities (carried out in the event that the specific weight of small business entities in the total number of economic entities affected by the problem exceeds 10 percent).

The small business test (M-Test) is planned, which is taught in accordance with Appendix 4 to the Methodology.

The number of small businesses (micro- and small) to which the regulation applies is indicated separately in the RIA, and their specific weight in the total number of entities.

Direct costs and costs for administrative procedures and reporting of small business entities to meet regulatory requirements are calculated. According to the result of the analysis, if necessary, the development is provided in corrective (mitigating) measures for small businesses regarding the proposed regulation. Namely, on the basis of the assessment of the total costs of small businesses for the implementation of the planned regulation (for the first year of regulation and for five

years), in order to equalize the specific cost of the administrative burden between subjects of large, medium and small businesses, compensatory mechanisms are proposed (for example, changing periodicity of reporting for small or micro-enterprises, the threshold for the size of the entity or its annual turnover for exclusion from regulation, introduction of other compensators) (description and presentation of detailed regulatory norms). On the basis of the proposed compensators for small business entities, a re-evaluation of the costs of small business entities for adjusted procedures is carried out.

With the aim of transforming state policy to ensure systemic support and development of SMEs, removing obstacles from the state, creating conditions for sustainable and innovative development of SMEs in the medium term, the Ministry of Economy of Ukraine, together with the Ministry of Digital Transformation of Ukraine, developed a draft Strategy for the recovery, sustainable development and digital transformation of small and medium-sized enterprises for the period until 2027 (hereinafter referred to as the draft SME Strategy).

The draft Strategy meets the main demands of business and will offer separate complementary measures in such areas as:

- restoration and facilitation of doing business (facilitating access to capital and resources, favorable regulatory environment and deregulation);
- promotion of innovative development, digital transformation and green transition;
- development of human capital (including reintegration and recruitment of new personnel, support of entrepreneurship culture);
- strengthening global competitiveness (expanding access to EU markets, supporting exports and competitive positioning).

This Strategy is consistent with and complements the Ukraine Plan, a comprehensive document setting out a programme of actions and specific reforms for the next four years to be implemented through the mechanisms provided by the Ukraine Facility.

The Strategy also defines the goal, targets and tasks for the earliest possible achievement of Ukraine's Sustainable Development Goals for the period up to 2030, namely ensuring gender equality, empowering all women and girls (Goal 5), ensuring access to affordable, reliable, sustainable and modern energy for all (Goal 7), promoting sustainable, inclusive and sustainable economic growth, full and productive employment and decent work for all (Goal 8), building sustainable infrastructure, promoting inclusive and sustainable industrialisation and innovation (Goal 9) and reducing inequality (Goal 10), as set out in the Decree of the President of Ukraine of 30 September 2019 No. 722.

The Strategy takes into account the results of the analysis of the development of the entrepreneurship sector in Ukraine, taking into account international practice and indirectly the guidelines set out in the SME Strategy for a Stable and Digital

Europe (2020), the EU Digital Strategy (2020) and the EC Communication “2030 Digital Compass: A European Path to the Digital Decade” (2021), as well as the OECD recommendations set out in the Eastern Partnership SME Policy Index 2024 and the Monitoring of the Implementation of the SME Development Strategy of Ukraine for 2017-2020 (2020).

The Strategy also draws on the results of recent OECD studies on specific aspects of SMEs, such as “Missing Entrepreneurs 2021: Policies for Inclusive Entrepreneurship and Self-Employment” (2021), “Digital Transformation of SMEs” (2021), “International Compendium of Entrepreneurship Policies” (2020), “Financing Growth and Turning Data into Business: Helping SMEs to Scale” (2022), “Financing SMEs and Entrepreneurs 2022: OECD Scoreboard” (2022), “OECD: The SME and Entrepreneurship Outlook 2023” (2023), “No net zero without SMEs: Exploring the key issues for greening SMEs and green entrepreneurship” (2021), “OECD Policy Recommendation on SMEs and Entrepreneurship” (2023).

The Ministry of Economy of Ukraine published the draft SME Strategy on January 25th 2024.

In order to ensure the high-quality preparation of the draft SME Strategy, as well as to provide answers to the most important and urgent requests for Ukrainian entrepreneurship, the Ministry of Economy of Ukraine consults with business associations, the expert environment, international development partners, and regional authorities which will contribute to its effective implementation.

The approval of the SME Strategy and the approval of the Operational Plan for its implementation by the Cabinet of Ministers of Ukraine and the start of their implementation are expected during 2024.

The Cabinet of Ministers of Ukraine recognises the extreme complexity of the challenges facing the national economy and SMEs and is committed to making every effort to develop a strong and competitive SME sector, guided by the principles of the Small Business Act for Europe, including the implementation of the ‘Think Small First’ principle, which means taking into account the interests of SMEs in the development and evaluation of policies, simplified regulation for SMEs and the introduction of a single digital window. The Government has therefore identified the support and development of SMEs in the areas of recovery, access to finance, the “double transition” of digital and green transformation and the promotion of innovation as a priority task of state policy.

● ***To what extent policy design and implementation is based on reliable SME statistics?***

As in all developed countries, annual state statistics on SME development indicators are published somewhat late. Thus, as of November 2023, the State Statistics Service of Ukraine published indicators on the state of SME development for 2022. The SME Strategy and the Operational Plan are based on the indicators of

the state statistics of SMEs.

The State Institution “Entrepreneurship and Export Promotion Office” (hereinafter — EEPO) falls under the management of the Economic and Financial Department of the Cabinet of Ministers of Ukraine. Its purpose is to promote the development and support of small and medium-sized enterprises, as well as to support and promote the export of goods, works, and services produced by Ukrainian manufacturers in accordance with the program documents of the Cabinet of Ministers of Ukraine and other state planning documents.

One of the means for achieving tasks related to supporting and developing entrepreneurship is the national project for entrepreneurship and export development called Diia.Business (hereinafter — Project). The Project was initiated by the Ministry of Digital Transformation of Ukraine in February 2020. Since 2021, the Project has been implemented jointly with the EEPO. The Project consists of two components: the online component — the Diia.Business website in the format of a one-stop-shop (business.diaa.gov.ua) and the offline component — a network of Diia.Business Entrepreneurship Support Centers in the regions of Ukraine.

Currently, the Diia.Business website contains over twenty sections where useful information is posted for both beginners and experienced entrepreneurs.

In addition to this, attention is paid to the educational component. The website offers the educational service called the “National online school for entrepreneurs” where entrepreneurs have the opportunity to learn how to start their own business, manage accounting reports correctly, create a financial plan, obtain funding for the development of their business idea, promote their product, manage a team, and more. Online school courses are available for entrepreneurs and business startups in the format of edutainment (educational) series, after each series a short test is offered for self-checking the mastery of the material, at the end of each course there is a final test, upon successful completion of which a certificate of successful course completion is generated for the user. Currently, 14 educational courses for entrepreneurs have been published and available, 5 of which correspond to smart specializations:

- How to implement innovations for business growth
- Business: Sustainable Development
- Electronic Document Management for Entrepreneurs
- Transitioning Business Processes Online
- Course on Social Media Marketing «Boost with Facebook Bootcamp»

From June 15, 2023, to March 31, 2024, 3089 users completed training in the online school and received a certificates.

Additionally, for users of the Diia.Business website, there is a section called Educational programs and webinar projects where free short-term educational programs and webinars are published. These resources help both startups and existing entrepreneurs understand the intricacies of running a business, acquire

comprehensive knowledge, and develop practical skills necessary for a successful business start and growth. During the reporting period, over 12 000 users visited the page of educational programs and webinars.

In addition, the EEPO was involved as a co-organizer in acceleration, educational and grant programs for entrepreneurs together with the Network of support centres for entrepreneurs Diia.Business during the reporting period:

- Acceleration program "Brave (Vidvazhna)" for women who founded a micro or small enterprise. The program took place in 2023 and consisted of 12 modules with trainings, webinars and offline events, as well as mentoring, training and financial support. More than 5,000 participants took part in the program, according to the results of the program, 6 entrepreneurs were selected, who in total received financial support for the development of business ideas in the amount of UAH 1.3 million;

- The "Dream and Achieve" educational initiative, which was implemented in 2023 and aimed at developing entrepreneurial and digital skills of Ukrainian women who seek to start or strengthen their own business online, increase economic self-sufficiency and ensure financial stability in the face of full-scale war. Within the framework of the program, the participants received the necessary knowledge and financial support. The total number of participants of the first stage of the program was 80 women;

- The "Beginning (Pochatok)" educational grant program, which took place in 2023 and ended on February 26, 2024 and had 3,000 participants, of which 200 successful ones shared the grant fund in the amount of UAH 22.57 million for the development of entrepreneurial activities. The program consisted of 50 lectures and attendance at group sessions with psychologists and support from project experts;

- The national acceleration program "Vlasne", which was implemented during 2023 and ended on March 28, 2024, and was aimed at the development of startups and small businesses and assistance in attracting new customers and investors. The program consisted of 10 educational modules with more than 15 experts and more than 200 mentors on business model analysis, marketing strategy, attracting financing and export strategy, building a business service system, digital transformation, product development and innovation;

- The Financier program, which took place during 2023 and consisted of 50 lectures and seminars by experts on financial literacy for business activities. 3,722 participants from different regions of Ukraine took part in the program;

- Educational and grant program "Strength (Mitsnist')", which took place in 2023, to support business entities of the Kharkiv, Dnipro and Odesa regions affected by the full-scale war. The program provided assistance in returning to the affected regions, restored and developing business activities. In total, 60 entrepreneurs from the affected regions took part in the program;

- The educational program "Global E-commerce Access", which took place in 2023 and aimed to provide Ukrainian business entities with up-to-date knowledge

about approaches to e-commerce sales on global platforms, as well as step-by-step instructions for increasing sales and popularizing the product on the world arena. In total, 150 participants took part in the program.

To help entrepreneurs assess their level of entrepreneurial competencies and determine their entrepreneurial potential for starting and successfully managing a business, the EntreGram4Youth (EntreGram) self-assessment tool was launched. The test is based on the structure of the Entrepreneurial Competence Framework for Youth, which provides entrepreneurs with the knowledge and tools to start their own business, overcome challenges that may arise, and understand what skills are needed and what knowledge is lacking.

In 2024 during April, the Entrecomp for SMEs initiated by the Kyiv School of Economics together with the Ministry of Digital Transformation and EEPO will be published on Diia.Business. The main goal of this initiative is to provide practical knowledge and skills necessary for successful business management.

● ***What is the state of play of Entrepreneurship education and business support? Is there a national skills intelligence framework and is it linked to a national smart specialization?***

An important institution in the SME support ecosystem is the State institution "Entrepreneurship and Export Promotion Office" (EEPO), which manages the national project and portal " Diia.Business ", filling it with online training and business support services.

During 2023, the following results were obtained thanks to the activities of EEPO:

- More than 3,500 projects were implemented and 112 studies were conducted;
- 8,900 consultations were provided regarding the development of entrepreneurial activity;
- 13 studies of the state of business, Ukrainian exports and economic sectors were conducted;
- 2,500 educational projects were organized ;
- More than 1,900 companies received individual consultations and mentoring support for entering foreign markets.

Also, the draft Strategy envisages the development and implementation of regional development strategies based on reasonable specialization in all regions of Ukraine; involving EU experts in facilitating the process of consultations and developing strategies in the regions of Ukraine and ensuring the joining of all regions to the European platform of smart specialization.

● ***Are there new measures to tackle informal economy by improving factors in the business environment?***

In the direction of deregulation and reduction of administrative pressure on entrepreneurs: a declarative principle of work for business has been introduced, a systematic review and optimization of regulatory instruments is being carried out, the system of state supervision (control) is being rebuilt into a service (preventive) system. For the period of martial law, a moratorium has been established on business inspections, except for areas that pose an increased risk to life, health and the surrounding natural environment.

As part of the deregulation process, 48 out of 76 permits, 13 out of 35 licenses and up to 500 other public services for business were transferred to the declarative principle.

The Draft SME Strategy defines one of the areas of state policy as supporting and simplifying the activities of self-employed persons, which will allow more than 500,000 self-employed persons to be removed from the shadow economy and integrated into the formal labor market.

● ***Are there mechanisms to prevent bankruptcy and monitoring of insolvency policies?***

The draft SME Strategy provides for the implementation of measures aimed at:

- the adoption of an early warning system about the threat of bankruptcy, which would include the definition of clear quantitative and qualitative signs of the bankruptcy procedure, tools for their identification, the obligation of entrepreneurs, management bodies of SMEs, in the presence of these signs, to seek expert support for avoiding bankruptcy and reducing debt, taking immediate measures to avoid bankruptcy within a limited period of time;

- ensuring the availability of expert services for avoiding bankruptcy and reducing debt on the Diia.Business basis ;

- establishing a simplified (accelerated) bankruptcy procedure for SME bankruptcies.

● ***Are there any promotions of “second chance” for failed entrepreneurs?***

The Draft SME Strategy pays considerable attention to the issue of promoting the use of second chances by bankrupt enterprises. The strategy takes into account the data of the OECD SME Support Policy Index (2024) study, which assessed legislation and policies in the field of bankruptcy, and is based on the need to bring public policy into line with global best practices.

The State Institution “Entrepreneurship and Export Promotion Office” (hereinafter — EEPO) provides free consultations and support in business development, financial planning, marketing, and other aspects of enterprise management. With the help of experts, entrepreneurs can properly formulate the

purpose of rebuilding or creating their own business and find the most effective path to its achievement. Psychological consultations are also available to help effectively create, develop, and scale businesses, as well as improve financial results. Through such consultations, entrepreneurs work on subconscious obstacles that may limit their opportunities for business growth and personal development. During the reporting period, 4833 consultations were provided, of which 185 were conducted on the following topics:

- Efficiency of small and medium-sized businesses
- Step-by-step development of small and medium-sized businesses: business plan, organizational structure, business processes, cash flow, automation, scaling
- Support for Ukrainian citizens and Ukrainian entrepreneurs in Poland
- Psychology of business for entrepreneurs

Additionally, on the Diia.Business website, there is a section called "Cases and News" under the category "Anti-crisis solutions" featuring successful stories of entrepreneurs who have relocated, rebuilt, or changed their business direction during wartime. In total, during the reporting period, 55 informational materials have been published in this section.

In the "Financing" section of the Diia.Business website, there is the online service called the Marketplace of financial opportunities for business, where financial services for relocation, rebuilding, or creating one's own business are available. During the reporting period, over 20 financial initiatives have been published on it.

● ***Do you implement the Small Business Act assessment recommendations? Specify the status.***

In the direction of the implementation of the recommendations of the OECD, based on the results of the assessment of the implementation of the Small Business Act in Ukraine, the Strategy for the Development of Small and Medium-sized Enterprises in Ukraine for the period until 2020, the Plan of Measures for its Implementation (Decree of the Cabinet of Ministers of Ukraine of May 10, 2018 No. 292) was approved.

By Order No. 1500 of the Ministry of Economic Development of October 16, 2018, the Small and Medium Business Development Office was established under the Ministry of Economic Development and Trade of Ukraine as a consultative and advisory body of SMEs policy.

In Ukraine, the Small Business Test (M-Test) was developed and implemented for the implementation of the Association Agreement between Ukraine and the European Union (Article 378) and the Association Agenda between Ukraine and the EU for the preparation and promotion of the implementation of the Association Agreement (clause 7.7), and also in accordance with the norms of European

legislation on the development of small business, in particular Small Business Act.

Thus, in 2015, the Cabinet of Ministers of Ukraine Resolution No. 308 dated 11.03.2004 "On approval of the methods of impact analysis and monitoring the effectiveness of the regulatory act" was amended to require the M-test.

As for simplifying business access to financing, in July 2022, the Government provided the "eRobota" project, irrevocable financial support to businesses.

With the aim of transforming state policy to ensure systemic support and development of SMEs, removing obstacles from the state, creating conditions for sustainable and innovative development of SMEs in the medium term, the Ministry of Economy, together with the Ministry of Digitization, developed a draft SME Strategy.

Ukrainian institutions closely monitoring and implementing the OECD recommendations outlined in the SME Policy Index. The previous SME Policy Index: Eastern Partner Countries was issued in 2020 and was focusing on assessing the Implementation of the Small Business Act for Europe. Recommendations of this study were taken into account by the Government of Ukraine when writing government strategies and program documents.

At the end of 2023, the OECD presented a new major study SME Policy Index Eastern Partner Countries 2024. The report states the following: "Despite extremely difficult circumstances – due initially to the COVID-19 pandemic and then, more significantly, to Russia's full-scale invasion in February 2022 – Ukraine confirmed its top position as best reformer among EaP countries, having improved across all 12 dimensions of the assessment."

Overview of Ukraine's key reforms since 2020:

1. Launched the Diia.Business web-portal, thereby helping SMEs and entrepreneurs

2. Public and private training opportunities for SMEs enhanced, including for women entrepreneurs

3. SMEs' access to finance enhanced through the government's "5-7-9%" loans programme

4. Order No. 285 of Ukraine's National Standardization Body "On the package adoption of the CEN-CENELEC European regulatory documents by Ukraine" to adopt 20,268 European CEN/CENELEC normative documents as national normative documents by December 31, 2023

5. Established a Ukrainian Startup Fund and developed a network of Diia.Business support centers

● ***Which measures are dedicated to improve the capacity of SMEs to use technologies (digitalisation) and business processes new to the company?***

The draft Strategy within the framework of the operational goal "Promoting

innovative development, digital transformation and green transition" envisages the implementation of a number of measures to strengthen digital transformation, in particular:

- digitization of public services for business through the Unified state web portal of electronic services;

- provision of funding for the state grant program for providing micro, small and medium-sized businesses with vouchers for access to digital solutions and digital enterprise management tools, including the implementation of cyber security measures, the implementation of artificial intelligence technologies, the Internet of Things and big data analytics;

- development and implementation of enterprise digital maturity testing taking into account the practice of cooperation with European digital innovation hubs.

- ***Which measure can help increase financial literacy development?***

To holistically resolve the problem of low financial literacy of Ukrainians, unlock synergy effects, and reach out to various target groups by way of educational activities, the NBU initiated an interagency working group in 2021. It included representatives of the NBU, the Deposit Guarantee Fund, the National Securities and Stock Market Commission, the Ministry of Education and Science of Ukraine, the Ministry of Economy of Ukraine, the Ministry of Digital Transformation of Ukraine, and the state-run Entrepreneurship and Export Promotion Office.

On 28 March 2024, the interagency working group approved a draft of the Ukrainian Financial Literacy Development Strategy until 2030 (hereinafter referred to as the "Strategy"). The Strategy will likely be unveiled to the public in May 2024. The Roadmap of the Strategy outlines planned measures to improve the financial literacy of four target groups: children and youth, adults, entrepreneurs, and educators. Some of these initiatives will help enhance these target groups' awareness of the types of financial institutions, the services they provide, and the features of consumer rights protection when using various financial services.

To create quality educational products, the Deposit Guarantee Fund, the NBU, the NSSMC, and the Ministry of Education and Science of Ukraine have developed a Financial Competences Framework for Children and Youth (hereinafter referred to as the "Framework") <https://mon.gov.ua/storage/app/media/news/2024/01/18/Ramka.fin%20kompetentnostey.dlya.ditey%2018.01.2024.pdf>.

The Framework was presented at a conference for educators as part of Global Money Week in March 2024. Specifically, Section 4 of the Framework lays out requirements for the level of financial knowledge and skills of students (before graduating preschool, primary (4th grade), basic secondary (9th grade), and specialized secondary school (12th grade)), including about financial products and services; rights and obligations of consumers of financial services; and regulation

and protection of financial service consumers' rights.

In 2023, in a joint effort with the Cyber Police Department of the National Police of Ukraine, the NBU launched a new round of #GoodbyeToFraud, an all-Ukrainian awareness campaign on payments security. The campaign's aim was to raise public awareness of the basic security rules when making cashless payments.

The campaign was supported by the USAID Financial Sector Reform Project and the EU technical assistance project called Strengthening the Regulation and Supervision of the Nonbank Financial Market (EU-FINREG). More than 70 partners joined the project.

Together with the partners, the NBU succeeded in achieving good results over seven months. Specifically, according to a nationwide payment security survey, 71% of financial services users have encountered information about payment security over the past year. In particular, 20% of the respondents have seen #GoodbyeToFraud advertisements/publications or heard about this campaign.

The NBU is also working on training those who will teach financial literacy in schools. At the end of 2023, an online course for educators was launched that also covered the topic of consumer protection in financial services. More than 12 thousand teachers have already signed up for the course. Link to the course: https://prometheus.org.ua/course/course-v1:Prometheus+NBU101+2024_T1.

The NBU has also developed a model curriculum for the Entrepreneurship and Financial Literacy course, which will become mandatory for all 8th and 9th graders starting in 2025-2026. The program covers the topic of consumer protection in financial services. This program has received the stamp of approval from the Ministry of Education and Science of Ukraine and is recommended for implementation in schools. Link to the program: <https://talan.bank.gov.ua/fingramotnist#navchalni-programy>.

During the reporting period, the EEPO launched a series of projects aimed at enhancing the capacity of SMEs to utilize new technologies for their companies. Among these projects were:

- Collaborating with the Ministry of Digital Transformation as part of the national project Diiia.Business and in partnership with Elcore Cloud and with the support of Amazon Web Services, the Institution conducted a webinar project titled "Cloud Technologies as a Path to Innovation and Business Growth" focusing on advanced cloud solutions for Ukrainian entrepreneurs.

- The online academy "Dream and Achieve" has been implemented. This intensive educational initiative is aimed at developing entrepreneurial and digital skills among Ukrainian women who aspire to start a new online business or strengthen an existing one. The program consists of 11 educational modules on entrepreneurship. Each module includes homework assignments aimed at developing practical skills.

- The webinar project called "Secrets of Developing a Digital Community"

has been organized, which helps entrepreneurs learn how to attract attention to their brand, increase sales through Telegram and media advertising, as well as set up effective collaboration with influencers.

- The webinar project titled “The Internet Leads to Business: 10 Steps to Online Sales” has been launched in collaboration with the marketplace Prom.ua and the payment service RozetkaPay. The project consists of 10 broadcasts for representatives of small and medium-sized businesses and aspiring entrepreneurs interested in online sales. The aim of the initiative is to assist small and medium-sized businesses, as well as individuals planning to start their own business, in learning more about online sales and understanding how to conduct business on the internet.

Additionally, the EEPO has been designated as the National Contact Point (hereinafter — NCP) for the EU Digital Europe Program since September 12, 2023. Experts from the EEPO provided over 50 free consultations from September 12, 2023, to March 15, 2024, to IT associations and clusters, startups, and other economic entities with the aim of implementing innovations, promoting Program opportunities, and accessing grant initiatives, as well as implementing EU digital policies in the development of small and medium-sized enterprises. As a co-organizer, the Institution was involved in the implementation of 15 educational webinars within the Program aimed at deepening knowledge about grant opportunities and European digital innovation hubs and their role in promoting technologies and innovations in Ukraine. Additionally, during the reporting period, over 40 grant initiatives from the Program were published, along with guides for entrepreneurs on participating in competitions.

On the Diia.Business website, free online consultations are available from experts in various fields to address the concerns of entrepreneurs who are already conducting their activities or are planning to start their own business. Currently, there are over 60 topics covered by free consultations. These consultations also cover topics such as social entrepreneurship, women's entrepreneurship, veteran entrepreneurship, and psychological support for entrepreneurs during full-scale warfare, among others. During the reporting period, 4 833 consultations were provided, of which 111 were conducted on the following topics:

- Digital marketing and digital transformation for small business
- Targeted advertising on Facebook/Instagram
- Digital transformation of business
- The beginning of a Project Manager's career from training to the first project.

- ***Which measure can help increase financial literacy development?***

To enhance the level of financial literacy among entrepreneurs, the EEPO has implemented the following projects:

- The educational series “Financial Literacy for Entrepreneurs” aims to help potential and existing entrepreneurs improve their financial management skills in their own businesses. During the reporting period, 327 users completed the course.

- The educational program “Global E-commerce Access” aimed to provide Ukrainian businesses with relevant knowledge about approaches to conducting e-commerce sales on global platforms, as well as step-by-step instructions for increasing sales and promoting products on the global stage. In total, 150 participants took part in the program.

- The educational program “Financier” featured experts discussing the intricacies of financial management, trends in Ukrainian entrepreneurship, technological solutions, and marketing strategies. The program consisted of 50 lectures and seminars by experts on financial literacy for conducting entrepreneurial activities. A total of 3,722 participants from various regions of Ukraine took part in the program.

To improve entrepreneurs access to funding sources, the Diia.Business website operates an online service called the Marketplace of financial opportunities for business. This service hosts over 60 regional support programs from 20 regional administrations, as well as 350 financial programs for the development and scaling of businesses, including loans, leasing options, grants, and state and international support programs.

In addition to this, users of the Diia.Business website can receive consultations regarding the legal aspects of entrepreneurial activities during wartime: how to avoid mistakes in tax and labour legislation, and how to increase profits where there is already a working model. During the reporting period, 594 consultations were provided for entrepreneurs.

- Tax, accounting and personnel accounting for entrepreneurs

- Tax accounting for entrepreneurs in wartime conditions

- Step-by-step development of small and medium-sized businesses: business plan, organizational structure, business processes, cash flow, automation, scaling

● ***In terms of integration of SME into global value chains, what has been done? (export promotion, foreign direct investments, clusters formation...)***

In 2021, the State institution "Entrepreneurship and Export Promotion Office" (EEPO) was created, the purpose of which is to promote the development and support of SMEs, support and promote the export of goods, works and services of Ukrainian manufacturers.

In March 2019, the Institution joined the European Trade Promotion Organizations Working Group of Information Professionals (ETPO), which promotes the exchange and dissemination of information on best practices and experience in the field of information and consulting services.

In June 2019, the Institution became an official member of the EEN-Ukraine consortium. With the help of the EEN network, small and medium-sized businesses can find buyers and sellers of goods and services on international markets in a simple way; find investors and partners for production cooperation, as well as attract the latest technologies or implement their own technologies on the international market.

In December 2020, the Institution in partnership with Diya.Business, with the support of GIZ and the CUTIS project, launched the Unified Export Web Portal.

During 2023, EEPO implemented a number of educational projects for exporters, in particular:

- "Export Forum" - with a focus on economic recovery programs and mechanisms for supporting exports and innovations;
- "Trainers (Cycle 2)" to develop the structure and content of training programs for the development of the export potential of SMEs;
- "Economic Front" - a series of educational trainings on export prospects in wartime conditions;
- "Export Academy 2023" - a long-term practical educational program for Ukrainian SMEs that are starting export activities or are already exporters and plan to enter new markets;
- "Ukraine Rebuilding Task Force " - a practical educational program for citizens of Ukraine, internally displaced persons, entrepreneurs, specialists and managers of companies and organizations who plan to create or participate in international projects for the reconstruction and reconstruction of Ukraine;
- "Export Consultants Mastery " is an intensive long-term training program for export consultants, which will help to develop and improve the competencies of individual consulting activities, as well as to create your own company.

Another element of the institutional ecosystem supporting SMEs is the private joint-stock company "Export Credit Agency" — an agency authorized by the government, the purpose of which is to support and stimulate the large-scale expansion of the export of goods (works, services) of Ukrainian origin. The institution protects Ukrainian exporters from the risk of non-payments and financial losses related to the execution of foreign exchange contracts, and also provides a wide range of services that allow Ukrainian exporters to strengthen their credit policy and effectively manage their financial flows.

Also, the draft Strategy assumes that industry clusters will become a key element of the SME support ecosystem. They will encompass a group of interconnected elements of the innovation infrastructure and will direct their resources to the implementation of innovative activities and the creation of innovative products by SMEs, often within narrow specializations and industries.

Among the goals of the State Institution “Entrepreneurship and Export Promotion Office” (EEPO) is to support and promote the export of goods, works,

and services produced by Ukrainian manufacturers.

Among the results of the EEPO in 2023:

I. Implemented of the following educational programmes for exporters:

- Export Academy 2023 – a long-term practical training programme for Ukrainian SMEs that are starting to export or are already exporters and plan to enter new markets. As a result of the training, participants will create an export plan for their company to enter new markets;

- Trainers (Cycle 2). Project objective: to develop the structure and content of training programmes to develop the export potential of SMEs;

- Training programme “Global E-commerce Access”. The programme aims to train 200 participants to acquire the skills to enter the international market through e-commerce platforms. As a result of the programme, 10 projects will receive additional mentoring support;

- Export Forum – an event that brought together government and business representatives with 1,276 participants. The main focus is on economic recovery programmes and mechanisms to support exports and innovation;

- Economic Front – a series of training sessions on wartime export prospects;

- Ukraine Rebuilding Task Force is a practical educational programme for Ukrainian citizens, internally displaced persons, entrepreneurs, professionals and managers of companies and organisations planning to create or participate in international projects for the restoration and reconstruction of Ukraine;

- Export Consultants Mastery – an intensive, long-term training programme for export consultants that will help you develop and improve your individual consultancy skills and build your own business.

II. Over 1 900 Ukrainian SMEs received export consulting services:

- 58 Individual export consultations were provided to Ukrainian SMEs (food, furniture, cosmetics, IT, machinery, apparel, creative industries)

- 97 Individual consultations on International tenders were provided to Ukrainian SMEs (food, furniture, cosmetics, IT, machinery, apparel, creative, construction industries,)

- Developed and launched of the new mentoring program on export planning for SMEs (15 companies from food, apparel, furniture, packaging and creative sectors have already used the service)

- Developed Guide for SMEs on participation in United Nations tenders

- Coordination of development 5 instructions for SMEs on customs issues

- Coordination of 12 partner projects on export consulting and trade promotion

III. Developed more than 100 research of foreign and Ukrainian markets,

among them:

- Almost 60 individual research on foreign markets provided to Ukrainian SMEs (food, furniture, apparel industries)
- 50 overviews of foreign priority markets for Ukrainian exporters
- Research of UK IT market for Ukrainian IT Association
- Research of UK wine market for Wines of Ukraine
- 5 research of export potential of the Ukrainian sectors (cosmetics, apparel, furniture, railway machinery, agricultural machinery)
- Launch of the new program of individual research of foreign countries (overview of novelties in supermarkets)

IV. Organizing of national pavilions at foreign trade fairs and 1 trade mission:

- First national stand at TRAKO 2023, for railway machinery, Gdansk (Poland)
- 2 national stands at Anuga 2023 (organic food and dairy), Cologne (Germany)
- CEATEC exhibition for IT, Tokyo (Japan)
- Stockholm Food & Wine Festival (Stockholm, Sweden)
- Stockholm Tech Show (Stockholm, Sweden)
- Summer Las Vegas Market for furniture industry (Las Vegas, USA)
- Medica exhibition, medical devices industry, Dusseldorf (Germany)
- Boutique design New York exhibition for furniture makers and lighting manufacturers, New York (USA)
- Middle East Organic and Natural exhibition, Dubai, UAE
- Biofach 2024 exhibition for organic food products, Nuremberg (Germany)
- Trade mission to the United Kingdom for the IT sector

The state agency Export Promotion Office of Ukraine operates with a combination of state funding and international assistance, having received UAH 36.8 million (about €1 million) from the state budget for 2023 and additional donor funds. Despite the military challenges, the agency has maintained high functionality, with the Diia.Business platform being particularly innovative. In 2023, the Office for Business and Export Development received €3.75 million from the European Business Bridge grant competition for 1,500 war-affected Ukrainian businesses.

A visit of the Ukrainian delegation to the EU and European Space Agency (ESA) structures located in Brussels (Belgium), Noordwijk (the Netherlands), and Prague (Czech Republic) is being prepared for the end of April 2024. During the visit, it is planned to visit Directorate-General for Defense Industry and Space of the European Commission (DG DEFIS) (Brussels), ESA's European Space Research

and Technology Centre (ESTEC, Noordwijk) and the European Union Agency for the Space Programme (EUSPA, Prague). During the visit, it is planned to suggest the European side to hold the next meeting of the EU-Ukraine Working Group in the field of space activities in the second half of 2024.

● ***What is the state of play of alignment with Directive 2011/7/EU of the European Parliament and of the Council of 16 February 2011 on combating late payment in commercial transactions (OJ L 48, 23.2.2011, p. 1–10), plans for further alignment and monitoring data?***

On March 18, the Cabinet of Ministers of Ukraine approved the Plan for the Ukraine Facility (hereinafter - the Plan), which is a set of specific reforms and steps for 2024-27 to ensure the development of the economy, reconstruction and modernization, as well as the approach of Ukraine's accession to the European Union.

The "Business Environment" section of the Plan contains a list of key reforms and measures for their implementation.

Within the framework of Component I of the Ukraine Facility, it is envisaged to carry out a reform to eliminate late payment, namely:

alignment with the European Union Directive on combating late payments in commercial transactions by amending the relevant legislation incorporating the provisions of the Directive 2011/7/EU.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

The EU and Ukraine continue to cooperate within the framework of the EU-Ukraine Working Group on space activities, in particular in terms of Ukraine's accession to the components of the EU Space Programme.

On 23.03.2023 the meeting of the EU-Ukraine Working Group on space activities (hereinafter - the Working Group) was held in the format of a video conference Kyiv-Brussels. During the meeting of the Working Group discussed the issues of Ukraine's accession to the EU Space Programme, the status and further measures on cooperation between Ukraine and the EU on individual components of the EU Space Programme, as well as the possibility of establishing a high-level dialogue between Ukraine and the EU on cooperation in the outer space area. The meeting was attended by the representatives of the EU Directorate-General for Defence Industry and Space, the Ministry for Strategic Industries of Ukraine, the State Space Agency of Ukraine, the Ministry of Foreign Affairs of Ukraine, the Ministry of Community Development, Territories and Infrastructure of Ukraine, the Administration of the State Service for Special Communications and Information Protection of Ukraine and the National Space Facilities Control and Test Center.

Following the discussions, the Parties agreed:

- to identify the further steps to implement Ukraine's accession to the EU Space Programme after the European side undertakes additional internal work to determine the mechanism, framework and procedures for such accession;

- to hold a separate meeting at the level of technical specialists to further discuss the issue of possible contributions of the Ukrainian side within the framework of the components/sub-components of the EU Space Programme.

On 08.06.2023, a technical level meeting was held between the State Space Agency of Ukraine with the participation of the National Space Facilities Control and Test Center, and the EU Directorate-General for Defence Industry and Space. The event was dedicated to discussions on the possibilities of Ukraine's accession to the satellite navigation component (Galileo/EGNOS) of the EU Space Programme. During the meeting, the EU Party provided information on the content and technical aspects of the functioning of the EGNOS and Galileo component. As a result of processing the possibility of Ukraine's accession to the Galileo/EGNOS component (satellite navigation), it was established that one of the main services of this component is the service «EGNOS Safety of Life».

It remains relevant to continue the negotiation process between Ukraine and the EU on the preparation of the draft Agreement between Ukraine and the European Union on the expansion of the European Geostationary Navigation Overlay System EGNOS to the territory of Ukraine and preparation for the signing of the Agreement on the Technical Operation of the Copernicus Space Component with the European Organization for the Operation of Meteorological Satellites (EUMETSAT), which will ensure the receipt of data from the Sentinel-3 meteorological satellites to Ukraine.

A visit of the Ukrainian delegation to Brussels (Kingdom of Belgium), Noordwijk (Kingdom of the Netherlands), and Prague (Czech Republic) is planned to be held on 23-25 April, 2024, to discuss with the Directorate-General for Defence Industry and Space (DG DEFIS) further steps in order to start the negotiation process for Ukraine's accession to the EU Space Programme, and potential directions of bilateral cooperation on space issues, as well as to visit the European Space Research and Technology Center (Noordwijk) and the European Union Agency for the Space Programme (Prague).

The next meeting of the Working Group with discussions concerning the accession of Ukraine to the EU Space Programme, as well as cooperation between Ukraine and the EU in the framework of the EGNOS and Copernicus directions, will be initiated by the Ukrainian side after the completion of the above-mentioned event, with the purpose of recording its results in the minutes of the meeting of the Working Group.

Participation (mixed format) of the leadership of the Ministry for Strategic Industries of Ukraine in the presentation event «Data-driven Green Recovery of Ukraine's Industry: Presentation of the UNIDO Industrial Diagnostic Study»

(21.02.2024, Brussels, Belgium) was organized.

Study groups were formed from representatives of the Ministry for Strategic Industries of Ukraine, the Ministry of Infrastructure, the Ministry of Energy, the Ministry of Economy, the Ministry of Environment, the Ministry of Natural Resources, and the Ministry of Digital Transformation to learn from the experience of successful implementation of green industrial policy within the framework of the project «Industrial Capacity Building, Policy and Diagnostics for Green Recovery of Ukraine» and organized their participation in trainings: 30.01.2024-02.02.2024 (Brussels, Belgium); 11-14.03.2024 (Warsaw and Serock, Poland).

By a resolution of the Cabinet of Ministers of Ukraine № 319 of March 22, 2024 amended clause 2 of the list of central executive authorities and other state bodies responsible for fulfilling obligations arising from Ukraine's membership in international organizations, approved by the Cabinet of Ministers of Ukraine Resolution № 1371 of September 13, 2002 «On the Procedure for Participation of Central Executive Bodies in the Activities of International Organizations of which Ukraine is a Member» in terms of designating the Ministry of Economy as the main central executive body responsible for coordinating cooperation with UNIDO.

See other relevant information in the blocks «Small-scale privatisation», «Large-scale-privatisation» (1.3.1. Privatization and restructurization).

Regarding bankruptcy procedures for public sector entities

Statistical data on the number of state-owned enterprises and business entities that were in some kind of bankruptcy procedure **as of 01.01.2023**:

Governing body	Number of business entities subject to bankruptcy proceedings with a state-owned share exceeding 50 per cent in their authorised capital (pcs.)			
	in total, incl.:	in the procedure of property disposal	in the rehabilitation procedure	in the liquidation procedure
SPFU Central Office	3	1	1	1
SPFU Regional Offices	23	1	4	18
	Number of state-owned enterprises subject to bankruptcy proceedings			
SPFU Central	22	6	4	12

Office				
SPFU Regional Offices	2	0	0	2
	Total number of state-owned enterprises and business companies under the SPFU management			
SPFU Central Office	29	7	5	17
SPFU Regional Offices	41	3	7	31

Statistical data on the number of state-owned enterprises and business entities that were in some kind of bankruptcy procedure **as of 01.01.2024**:

Governing body	Number of business entities subject to bankruptcy proceedings with a state-owned share exceeding 50 per cent in their authorised capital (pcs.)			
	in total, incl.:	in the procedure of property disposal	in the rehabilitation procedure	in the liquidation procedure
SPFU Central Office	3	1	0	2
SPFU Regional Offices	21	0	4	17
	Number of state-owned enterprises subject to bankruptcy proceedings			
SPFU Central Office	84	17	9	58
SPFU Regional Offices	j	0	0	2
	Total number of state-owned enterprises and business companies under the SPFU management			
SPFU Central Office	91	18	9	64

Office				
SPFU Regional Offices	35	2	6	27

The increase in the number of enterprises under the SPFU's management in 2023 in respect of which bankruptcy cases were opened is explained by the transfer of a significant number of public sector entities to the SPFU's management pursuant to the relevant orders of the Cabinet of Ministers of Ukraine.

In 2023, at the request of the SPFU, 13 bankruptcy proceedings against these enterprises were closed, including in connection with decisions on their privatisation (for comparison, in 2022, only one bankruptcy case was closed).

In addition, the SPFU has also developed a draft Procedure for approving the terms of sale of bankruptcy property as single property complexes belonging to the management of the SPFU.

Regarding the procedure for liquidation of public sector entities

Statistical data on the number of state-owned enterprises that were in the process of liquidation **as of 01.01.2023:**

Number of companies in liquidation process		
In total, incl.:	In the SPFU Central Office management	In the SPFU Regional Offices management
203	175	28

Statistical data on the number of state-owned enterprises that were in the process of liquidation **as of 01.01.2024:**

Number of companies in liquidation process		
In total, incl.:	In the SPFU Central Office management	In the SPFU Regional Offices management
421	407	14

The increase in the number of enterprises in liquidation under the SPFU's management in 2023 is due to the transfer of a significant number of public sector entities to the SPFU's management pursuant to the relevant orders of the Cabinet of Ministers of Ukraine.

Integration of the regulatory policy of Ukraine into the European Community

Cooperation in the field of business and industrial policy is covered by Chapter 10 of the Industrial and Business Policy (Articles 378-380) of the Association Agreement/Main and Comprehensive Free Trade Area (Association Agreement/CFTA).

1.1. In the reporting period, with the aim of optimizing and transparency of the stages of passing the regulatory act, canceling unjustified exceptions, under which a number of state regulators carry out regulatory activities in certain areas of the economy at their own discretion without appropriate calculations of the benefits and costs of business, citizens and the state, strengthening the responsibility of regulators for compliance with the principles state regulatory policy, etc., a draft law was developed "On Amendments to the Law of Ukraine "On Amendments to the Law of Ukraine "On the Basics of State Regulatory Policy in the Field of Economic Activity" (regarding some issues of creating the Unified Information System "Regulatory Portal" and approving the procedure for its operation, as well as improving the procedure for introducing amendments to this Law)".prepared for the implementation of clause 257 of the Plan of priority actions of the Government, approved by the order of the Cabinet of Ministers of Ukraine dated February 16, 2024 No. 137-r. This draft law was discussed with business entities, interested authorities and sent to the Cabinet of Ministers of Ukraine for consideration.

The draft law complies with the main norms and standards of the European Union and OECD recommendations.

One of the important changes envisaged by the draft law is the implementation of measures to digitize state regulatory policy in Ukraine.

Implementation of measures to digitize state regulatory policy in Ukraine

In 2023, the implementation of the development of the project began Unified information system "Regulatory Portal" (hereinafter - RP), which is implemented within the framework of the State Anti-Corruption Program for 2023-2025, approved by Resolution No. 220 of the Cabinet of Ministers of Ukraine dated March 4, 2023.

RP is an information and communication system that will contain data on state regulatory policy, in particular, draft regulatory acts, and implements the opportunity for business entities to submit comments and suggestions to them; current regulations (by territory, spheres, regulatory authorities, etc.); will ensure the balance of the interests of business entities, citizens and the state.

The establishment and operation of the RP will allow raising the level of implementation of state regulatory policy to a new level through an effective, convenient and understandable tool for the implementation of the constitutional rights of individuals and legal entities, their associations.

This measure of the State Anti-corruption Program is aimed at increasing the effectiveness of the corruption prevention system in relation to the implementation of state regulatory policy by transferring regulatory activity in Ukraine to a single information and communication space and ensuring compliance with the requirements of the Law on Regulatory Policy, which will become a powerful anti-corruption tool and help prevent the adoption of economically impractical and ineffective regulatory acts, reduction of state interference in the activities of economic entities and elimination of obstacles to the development of economic activity.

To date, the technical task for the creation of the RP has been developed.

In the direction of international cooperation and establishment of permanent dialogue

The Government of Ukraine has recognized the implementation of the best global regulatory practices as one of its priorities for this year. In 2023, the process of Ukraine's official accession to the "Recommendations of the OECD Council on Regulatory Policy and Management" (order of the Cabinet of Ministers of Ukraine dated November 24, 2023 No. 1076) began.

In 2023, cooperation was established with the OECD Department of the Office of the Prime Minister of Poland, meetings are being held with representatives of the USA and Great Britain regarding the expansion of the geography of cooperation between the SRS and regulatory authorities of other countries in order to study and implement the best regulatory practices into the legislation of Ukraine.

In the direction of deregulation

The state policy of deregulation is one of the main elements of the practical implementation of the new model of Ukrainian entrepreneurship development and an integral part of European integration.

Ukraine faithfully adheres to the road map of reforms, including the reform of deregulation and development of entrepreneurship.

3.1. In the reporting period, as part of the Plan of measures for the deregulation of economic activity and improvement of the business climate, approved by the order of the Cabinet of Ministers of Ukraine dated 04.12.2019 No. 1413-r (in the edition of the order of the Cabinet of Ministers of Ukraine dated 30.01.2023 No. 89-r) the central authorities of executive power implemented 4 measures of the Plan of Measures for Deregulation, in particular:

- the order of the Ministry of Health of Ukraine, the Ministry of Internal Affairs of Ukraine dated May 10, 2023 No. 875/387 "On Approval of Amendments to the Regulation on Medical Examination of Driver Candidates and Drivers of Vehicles", registered with the Ministry of Justice of Ukraine on July 3, 2023, was approved under No. 1126/40182;

- At the request of the Ministry of Economy, the Government adopted Resolution No. 785 of the Cabinet of Ministers of Ukraine dated 28.07.2023 "On Amending Clause 4 of the Regulation on Basic Requirements for the Organization of Food, Non-Food and Mixed Markets and Recognizing Certain Resolutions of the Cabinet of Ministers of Ukraine as Out of Validity";

- Resolution No. 967 of the Cabinet of Ministers of Ukraine dated September 8, 2023 "On Amendments to Resolutions of the Cabinet of Ministers of Ukraine No. 989 dated December 13, 2017 and No. 1026 dated December 13, 2017" was adopted, according to which the updated Unified Register became operational on December 29, 2023 from environmental impact assessment;

- The Verkhovna Rada of Ukraine adopted Law of Ukraine dated 13.07.2023 No. 3227-IX "On Amendments to Certain Laws of Ukraine Regarding the Improvement and Digitization of the Environmental Impact Assessment Procedure", which entered into force on 29.12.2023, as well as Law of Ukraine No. 3193 of 29.06.2023 -IX "On amendments to the Tax Code of Ukraine and some laws of Ukraine regarding the simplification of conditions for the production of distillates by small business entities", which entered into force on 11/23/2023;

- The Ministry of Development of Communities, Territories and Infrastructure of Ukraine, together with the specialized committees of the Verkhovna Rada of Ukraine and other interested parties, developed a project of the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Regarding the Placement of Temporary Buildings for Business Activities and Vehicle Parking Areas" (registered under No. 10308 dated 12.01.2023), which is proposed to settle the issue of placement of temporary structures for conducting business activities;

- in October 2023, the Ministry of Environment, together with DAZV, developed an updated draft of the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Regarding the Regulation of Issues of the Functioning of Territories Affected by Radioactive Pollution as a Result of the Chernobyl Disaster", which was submitted for consideration to the Cabinet of Ministers of Ukraine and registered in the Supreme Council of Ukraine dated 06.11.2023 No. 10217. Based on the results of consideration by the Committee of the Verkhovna Rada of Ukraine on Ukraine's Integration into the European Union dated 04.01.2024, this draft Law does not contradict Ukraine's obligations under the Association Agreement and EU law.

3.2. In order to implement the measures of the State Anti-corruption Program for 2023-2025, approved by the Resolution of the Cabinet of Ministers of Ukraine dated 04.03.2023 No. 220, in 2023, it was developed an algorithm for revising/simplifying statistical reporting that is redundant or burdensome for business.

In order to collect information on reporting forms that are unnecessary or burdensome for business activities, a corresponding Google form for filling out by business entities was prepared and published on the official website of the SRS on 20.07.2023. Information received from entrepreneurs is processed in order to

identify reporting that is redundant or burdensome for business. Structured information on the reporting of entrepreneurs, which is available on the official website of the State Statistics Service.

Within the framework of cooperation with experts of non-governmental organizations (USAID), in particular, BRDO, in 2023 a detailed analysis of reporting was prepared in the fields of bankruptcy, transportation (vehicle and city transport), tax and customs reporting, in the 1st quarter of 2024 - in the fields of preschool education, food industry (regarding products ready for consumption) and production of building materials.

The result of deregulation should be an improvement of the business climate, in particular a reduction of the financial burden and pressure of regulators on business entities, its gradual approach to the best practices of foreign countries.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

Ukraine has some level of preparation in the area of enterprise and industrial policy, with limited progress made on alignment with the EU acquis during the reporting period. In the coming year, Ukraine should in particular:

- develop mid-term priorities for SME development and take measures for improving the business environment and investment climate;
- adopt necessary legislation to align with Directive 2011/7/EU on combating late payment in commercial transaction

The Ministry of Economy of Ukraine, together with the Ministry of Digital Transformation of Ukraine, is working on the development of the Strategy for the recovery, sustainable development and digital transformation of small and medium-sized enterprises for the period until 2027 (hereinafter referred to as the Strategy) and the Operational Plan for its implementation.

The strategy contains medium-term priorities for the development of small and medium-sized enterprises, meets the main demands of business and is aimed at ensuring systemic support and development of small and medium-sized enterprises, removing obstacles from the state to conducting business and creating appropriate conditions for its sustainable development.

To ensure the high-quality preparation of the Strategy, as well as to provide answers to the most important and urgent requests for Ukrainian entrepreneurship, the Ministry of Economy is consulting with business associations, the expert environment, international development partners and regional authorities.

The draft Strategy is posted for discussion on the official website of the

Ministry of Economy on January 25, 2024.

The approval of the Strategy and the Operational Plan by the Cabinet of Ministers of Ukraine is planned for 2024.

Improvement of regulatory environment

The measures for improving the business environment and investment climate include:

- a declarative principle of work for business has been introduced:

Transferred to the declarative principle: 48 permits from 76, 13 licenses from 35, up to 500 other public services.

- system review and optimization of regulatory instruments is carried out:

Interdepartmental Working Group (IWG) for deregulation revised 1323 instruments, of which are recommended:

- cancel 456 tools
- change/digitalize 584 Tools

legislative frameworks are created for the spread of self-regulation of business:

The Draft Law No. 4221 is being drafted in committees.

- there is a moratorium on business inspections;
- the system of state supervision (control) is being rebuilt for service (preventive):

The Draft Law No. 5837 - voluntary audit and insurance of economic activity, risk-oriented approach when planning inspections, which will help to reduce the number of inspections. Supported by the Committee, expects inclusion in the agenda of the Verkhovna Rada.

The Draft Law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine on Deregulation of Economic Activity”, developed with the aim of optimising and cancelling a number of instruments of state regulation of economic activity, including space activity, provides for amendments to the Law of Ukraine “On Space Activity” to cancel the obligation to obtain permission to conduct negotiations in the field of foreign economic activity.

No relevant developments during the reporting period.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 3: Competitiveness and Inclusive Growth

CHAPTER 25 – Science and Research

ЄШУА

УКРАЇНА

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ЄВРОПА

NATIONAL RESEARCH POLICY

- *Is there a national strategy on research and innovation policy in place? Has it been implemented? How is it being implemented? Is its implementation and impact monitored and what are the findings?*

As of the end of 2023, 7 tasks out of 32 tasks were not completed in the Action Plan for 2021-2023 for the implementation of the "Strategy for the Development of Innovative Activities for the Period up to 2030" (completion rate - 78%). An Action Plan for 2024-2026 for the implementation of the Strategy was formed.

However, in 2024, it is planned to submit to the Cabinet of Ministers of Ukraine a new version of the draft order "On the approval of the Strategy for the development of innovative activity of Ukraine for the period up to 2030". The new Strategy provides for strategic vision for science and research, defines innovation, and its benefit for Ukraine and allocates its responsibility at a high, cross-sectoral level, contributes to the implementation of the tasks of public policy in the innovation sector.

A draft Strategy with the action plan for 2024-2026 has undergone a public consultations procedure and is currently under consideration of respective government authorities. It is planned to be approved by the Government of Ukraine by June 2024.

The Ministry for Strategic Industries of Ukraine is the developer of the draft Concept of the State Targeted Scientific and Technical Program for the use of artificial intelligence technologies in priority sectors of the economy for the period up to 2026.

The effectiveness of the Program measures will be ensured by concentrating efforts on directions that allow enhancing the innovative component in business processes in enterprises of priority sectors of the economy, cooperation with the European Union and other leading countries with experience in using artificial intelligence in economic sectors, involving economic entities to obtain information on the economic efficiency of the technologies used artificial intelligence.

The draft act has undergone public consultations procedure, has been approved by the respective central executive authorities and was submitted to the Cabinet of Ministers of Ukraine for approval.

- *How many researchers are in the country (number of higher education and business/enterprise R&D personnel, including the share of women)? How many peer-reviewed international publications are issued per year? What is the share of GDP devoted to research? What is the Gross Domestic Expenditure in RDI? What are the contributions from the public and from the private sector? What is the number of patents granted per year?*

In 2023, Ukrainian scientists prepared over 10 852 articles published in journals indexed by Web of Science database and over 15 503 articles published in journals indexed by Scopus database (data as of April 2024).

Among others, during 2023 the amount of peer-reviewed international publications issued by the National Academy of Sciences of Ukraine (NAS of Ukraine) researchers was 4928, all of them were published in journals indexed by Web of Science and/or Scopus databases. Besides 14 scientific journals founded by the NAS of Ukraine institutes are published in English abroad by Springer, Allerton Press, Inc, Begell house inc. Publishers and others.

Statistical information for 2023 on the number of researchers in the country (number of higher education and business/enterprise R&D personnel, including the share of women) and research funding will be obtained after June 2024.

In 2023, 1 158 invention patents, 2 712 utility model patents, 778 certificates of state registration of industrial designs, and 14 530 trademark certificates were issued. In the first quarter of 2024, 294 invention patents, 807 utility model patents, 282 certificates of state registration of industrial design and 3 444 trademark certificates were granted.

No other relevant development during the reported period.

● ***Is there a country-wide Smart Specialisation Strategy (S3)? Are there sector specific scientific priorities? What is the status of developing the Smart Specialisation Strategy? How is the implementation of the S3 progressing? Is its implementation and impact monitored and what are the findings?***

State strategy of regional development for 2021-2027 and the National Economic Strategy until 2030 stipulates that all regions of Ukraine should join the European Smart Specialization Platform (S3 Platform) in order to open access to the platform's tools to the regions of Ukraine. Due to the beginning of the full-scale aggression of the Russian Federation, the process of joining the regions of Ukraine to the European platform of smart specialization has slowed down. As of December 2023, 11 regions of Ukraine (Volyn, Dnipropetrovsk, Zhytomyr, Chernivtsi, Sumy, Mykolaiv, Kherson, Zaporizhzhya, Autonomous Republic of Crimea, Kyiv, Sevastopol) have not joined the platform.

A draft Strategy for the Development of Innovation Activity of Ukraine for the period up to 2030 anticipates reasonable specialization of regions and the creation of innovative infrastructure accessible to a wide range of subjects, which will reduce inequality and create equal opportunities for the development of innovations and economic development.

The long-term priority areas of development of science and technology and the priority areas of innovative activity are defined by the laws of Ukraine. The Government approves medium-term priority thematic areas of scientific research

and medium-term priority areas of innovative activity at the national and branch levels.

In 2023-2024, the system of priority areas was amended with a new area of "national security and defense" and determined their validity period until the end of the next year after the termination or abolition of martial law in Ukraine.

Other research priorities are as follows: fundamental scientific research; information and communication technologies; power industry and energy efficiency; rational use of natural resources; life sciences; new technology for the prevention and treatment of the most common diseases; new substances and materials. Other innovation activity priorities include: mastering new technologies of energy transportation, the introduction of energy-efficient, resource-saving technologies, mastering alternative energy sources; mastering new technologies of high-tech development of the transport system, rocket and space industry, aircraft and shipbuilding, weapons and military equipment; mastering new technologies for the production of materials, their processing and connection, creating an industry of nanomaterials and nanotechnologies; technological upgrades and development of the agro-industrial complex; introducing new technologies and equipment for quality medical care, treatment and pharmaceuticals; widespread application of cleaner production and environmental protection technologies; developing modern information, communication technologies and robotics.

● ***Is research promoted as a potential career in high schools & universities? Is the country affected by brain drain of researchers? How are continuing training schemes organised (e.g., implementing organisations target groups, existing programmes)? How are young researchers funded, with stipends or with employment contracts? Are research programmes opened to foreign researchers?***

Due to the war since the end of February 2022 up to 10% of researchers employed at the National Academy of Sciences of Ukraine research institutes were forced to move abroad, some of them has been supported by temporary grants/position at foreign universities, companies etc.

Supported by the Ministry of Education and Science of Ukraine, the Council of Young Scientists at the Ministry of Education and Science of Ukraine and the "Scientist Support Office" Initiative have begun the implementation of the project "Ukrainian Science Diaspora". The aim of this project is to facilitate collaboration between representatives of the Ukrainian science diaspora and Ukrainian scientists working in foreign higher education and research institutions, with scientific institutions and higher education institutions in Ukraine.

The implementation of the Ukrainian Science Diaspora project is aimed at:

developing institutional cooperation between Ukrainian and foreign higher education and research institutions;

strengthening the unity of Ukrainians abroad for the realization of ideas related to the post-war reconstruction of Ukraine through the development of science;

enhancing the international prestige of Ukrainian science globally, and more.

In 2023, the digital platform "Ukrainian Science Diaspora" was created. The platform features a digital map with information on Ukrainian scientists abroad, who are willing to collaborate with scientists in Ukraine. For more detailed information, please follow the link: <http://surl.li/sjumj>.

The Prize of the Cabinet of Ministers of Ukraine for the development and implementation of innovative technologies is awarded every year for special achievements in the development and implementation of innovative technologies in the production and market introduction of domestic innovative products. Every year, the Cabinet of Ministers of Ukraine awards no more than five Awards. 5 research teams (a total of 39 Prize laureates) were granted UAH 200,000 each in 2023.

To support the scientific activities of young researchers, create additional opportunities and incentives for conducting fundamental and applied scientific research in Ukraine within the priority areas of science and technology development in 2023, awards and scholarships were granted and disbursed as follows: the President of Ukraine's Award for young scientists amounted to UAH 1.6 million, scholarships from the Cabinet of Ministers of Ukraine for young researchers totaled UAH 15.45 million, scholarships from the President of Ukraine for young researchers were UAH 21.73 million, and a named scholarship for the best young scientists to immortalize the events of the Revolution of Dignity and honor the valor of the Heroes of Ukraine – Heroes of the Heavenly Hundred was UAH 1.61 million.

Moreover, in 2023, financial support was provided for scientific works and scientific-technical (experimental) developments by young researchers that began in 2022 and 2023, amounting to UAH 62,974,350. In 2024, an additional UAH 42 million was allocated to support research projects of young scientists, currently bringing the total budget of this initiative to almost UAH 140 million.

Within the additional State Budget Programme dedicated for the NAS of Ukraine "Support of priority fields of research development" the special Call for the Young Scientists labs is carried out annually. Besides there are stipends of the NAS of Ukraine for early-career researchers are awarded.

Given the security situation in Ukraine after Russia's invasion of Ukraine, the MoES is not actively pursuing a policy of attracting foreign scientists to perform their work in Ukraine. However, in the context of Ukraine's European integration efforts, the MoES is analyzing the EU Directive 2016/801 regarding the conditions for entry and stay in Ukraine of foreigners for the purpose of scientific work and study and plans to implement it in the Ukrainian respective legal framework.

● *To what extent is business-academia cooperation and exchange promoted and to what extent is this cooperation taking place? Do you have a*

national technology transfer roadmap? What measures have been taken to promote public-private cooperation? Is there a national policy framework to increase the research and innovation capacity for SMEs? Is there a national innovation fund? What is its performance?

The main goal of government regulation of activities in the field of innovation and technology transfer is to build an innovative ecosystem to ensure the rapid and high-quality transformation of creative ideas into innovative products and services, the development of human capital, the increase in economic returns from science-intensive (deep tech) innovations, and the attraction of investments into innovative activities.

Tools are in place to support and stimulate cooperation between higher education and research institutions and enterprises in order to intensify the process of technology transfer: framework conditions for deep tech innovation, promoting innovation ecosystems, deep tech talents and improving the innovation policy-making framework as follows:

a procedure on competitive selection for R&D projects funded under Horizon-2020 external aid of the EU anticipates involvement of representatives of small and medium-sized enterprises in project applications submitted by universities, and vice versa: applications submitted by the SME should anticipate involvement of representatives of higher education institutions and research institutions;

enterprises, institutions and organizations, regardless of the form of ownership, that have employees with appropriate qualifications, equipment and material and technical base are welcome to apply to participate in a competitive selection of R&Ds for state budget funding. 32 contracts received budget funding in 2023;

annually the Cabinet of Ministers of Ukraine grants up to 5 Awards for special achievements in the R&I sector. Enterprises, institutions and entities can submit their applications via sectoral ministries, other central executive bodies, the National Academy of Sciences, the National Academy of Medical Sciences, the National Academy of Agrarian Sciences. 5 teams were granted UAH 200 thousand each in 2023;

"Online Mentor Science&Business" - a structured program with daily lectures, educational materials and practical tasks, designed to develop a new idea and prepare it for acceleration. A new set of participants has been provided to the digital tool for raising awareness of conducting innovative business. As of March 31, 2024, there are 461 registered participants;

in 2023 Science&Business - GIST Pitch Days was organized by Ukrainian Startup Fund, - an event for scientists and entrepreneurs with ready-made science-intensive solutions, where there is an opportunity to present their startups and receive financial support for their development, has been ensured. The participants presented innovative solutions in the areas of "Healthcare", "Agrotechnologies and biotechnology", "Energy and ecology", "Industry and infrastructure", based on the results, 40 best projects were selected, of which 25 received financial support in the

amount of \$5,000;

at the beginning of 2024, 3 acceleration programs were supported: Science Intensive Innovation for seed participants and Development and Renovation for pre-seed participants, implemented by Vacuum Deep Tech Acceleration with the support of the USAID Program "Competitive Economy of Ukraine"; Science-to-Market Accelerator implemented by the Ukrainian Startup Fund together with SET University and Berkeley Haas Entrepreneurship. Acceleration programs are aimed at the development and commercialization of science-intensive projects and include a series of lectures, master classes, consultations, as well as the opportunity to demonstrate projects at the final demo day;

as of November 2023, 40 science parks have been created in Ukraine founded by universities, research institutions, and state enterprises. The average contribution of budgetary institutions in the statutory capital of the science park is more than 60%;

13 science parks are consistently active in the commercialization of scientific results, 6 of which actively interact with the real sector of the economy, through the implementation of projects, technology transfer and demonstrate the potential for scaling. A Science.City is a key initiative under development anticipating special legal regime for conducting scientific and innovative activities which will contribute to the activation of the development of scientific parks, scientific, technological, and innovative activities in universities and research institutions;

an experimental project to create a network of startup-school-incubator-accelerator based on universities and research institutions.

A Draft Law of Ukraine "On Amendments to Certain Laws of Ukraine on Stimulating Activities in the Sphere of Technology Transfer" is under consideration of the Parliament. Its purpose is to increase the level of implementation (commercialization) of research results. The expediency of adopting the draft law is due to the need to intensify the process of transforming the rights to the result of intellectual activity into a profitable commodity, by putting it into civil circulation and making a profit from its use, as well as through the introduction of economic and legal means and mechanisms. One of the key points is introduction of subsidizing projects for the creation of domestic industrial enterprises with the participation of domestic research institutions or institutions of higher education in high-tech industries.

To promote public-private cooperation the Ministry of Education and Science of Ukraine has launched the Science and Business Platform, which provides entrepreneurs with the opportunity to access leading scientific developments, and scientists - to apply their knowledge and commercialize results of scientific research. Offers registered on the platform take into account the realities of today, because they belong to the branches of national security, military and technical sciences. During the operation of the platform (as of the end of March): 817 registered users (765 scientists and 52 entrepreneurs); 92 arrived proposals for carrying out scientific research and 26 on cooperation.

The draft Strategy for the Development of Innovative Activity of Ukraine for the period until 2030 developed by the Ministry of Digital Transformation of Ukraine and the Ministry of Education and Science of Ukraine anticipates incentives (inter alia financial ones) for business, startups, scientists, investors and international partners to create innovations, innovative activity of enterprises, institutions and organizations, including SME.

The Ukrainian Startup Fund's programmes are aimed at promoting the development and growth of early-stage startups in Ukraine, including but not limited to:

grant programme for early-stage projects (pre-seed and seed) (funding from from \$ 25,000 to \$ 50,000);

Seeds of Bravery - a €20 million project funded by the European Union under the European Innovation Council (EIC) to support Ukrainian tech startups bringing them closer to the EU;

Corporate innovation (The USF Corporate Innovation Programme opens the door for startups to cooperate with leading corporations, allowing them to integrate their innovative solutions into large business structures, receive financial support and contribute to the further development of the technological landscape in Ukraine. It is a unique opportunity to establish partnerships with major market players and gain access to new markets and customers);

Innovation Voucher Programme opens up opportunities for Ukrainian startups to present their innovations at global technology exhibitions, pitch their projects to influential investors, and establish cooperation with international stakeholders. The presentation of Ukrainian startups in the international arena is supported by the partners of the Ukrainian Startup Fund, namely the Ministry of Digital Transformation of Ukraine, USAID Competitive Economy Programme in Ukraine (USAID CEP), Western NIS Enterprise Fund (WNISEF), Global Innovation through Science and Technology (GIST), and others;

Speed up the approval of your Unmanned aerial vehicle (UAV). To simplify the interaction between the Ministry of Defence of Ukraine and UAV manufacturers, the USF has developed a functionality on the Fund's web portal, which allows every developer who has a finished product to apply to the Ministry of Defence for approval of their product for operation. Official approval for operation means that the Ministry of Defense of Ukraine can purchase the products and the Armed Forces can put them into service.

INTERNATIONAL COOPERATION

● *Are there measures taken to strengthen participation in Horizon Europe? Are there specific measures to advance the integration into the new*

European Research Area (ERA) and the New European Innovation Union (NEIA)?

The Resolution of the Cabinet of Ministers of Ukraine No. 742 of 4 July 2023 "On Amendments to Certain Resolutions of the Cabinet of Ministers of Ukraine concerning the National Research Foundation of Ukraine" amended several Government resolutions creating conditions to the National Research Foundation of Ukraine (hereinafter - NRFU) to conduct all types of grant competitions, including those supporting development of research infrastructure of higher education and scientific institutions, scientific mobility, support of young scientists and popularization of science.

The NRFU was also granted the opportunity to hold bilateral and multilateral competitions with the participation of foreign funds, institutions, organizations, etc which will promote international cooperation between the Foundation and foreign partners.

Ukraine continues development of the infrastructure to enhance participation of organizations from Ukraine in the Horizon Europe Programme. In 2023, Horizon Europe Office in Ukraine was established at the NRFU (according to the Resolution of the Cabinet of Ministers of Ukraine No. 808 of 4 August 2023) and officially started operations on 20 December 2023. The adoption of the act opened up the possibility of signing a Grant Agreement between the NRFU and the European Union, represented by the European Commission, for the implementation of the HEOinUA Project-101132682 ("Horizon Europe Office in Ukraine as the key National Contact Point (NCP)").

39 Ukrainian representatives were nominated to 14 Horizon Europe Programme Committees (list approved by the MoES order No. 53 of 17 January 2024). Their participation in the respective meetings will be ensured provided in-person or remotely.

A Resolution of the Cabinet of Ministers No. 214 of 27 February 2024 settled up principles for functioning of the National Contact Points (NCPs) for Horizon Europe Programme. The Commission for the selection of NCPs was established under the Ministry of Education and Science of Ukraine (order No. 311 of 12 March 2024) and a procedure for NCPs selection was approved. The NCPs selection process was launched on April 08, 2024 with the list on NCPs to be finalized early June 2024.

The Horizon Europe Office in Ukraine was nominated to perform as Coordination Center for Horizon Europe (the key NCP) according to the order of the Ministry of Education and Science of Ukraine of 28 March 2024 No. 410.

On 09 February 2024, a procedure on competitive selection for R&D projects funded under Horizon-2020 external aid of the EU was amended promoting cooperation between business (including innovative), higher education and research institutions. The respective second competitive selection of R&D projects was launched in March 2024. The amendments include as follows:

increased amount of support for innovative projects and the development of the innovative ecosystem of higher education institutions and scientific institutions;

extended a list of eligible participants: Ukrainian participants of "Horizon Europe" will be able to fully participate in the competitive selection;

preference to participants who, in case of winning the competition, plan to also apply for funding under the Horizon Europe program;

priority to the project with expected direct impact on the reconstruction and recovery of Ukraine in the post-war period, and the scientific result of which can be implemented in a shorter time frame; in which scientists who, starting from 2014, after a long stay abroad, returned and officially found employment in Ukraine, etc.

As of March 2024, 137 grant agreements under Horizon Europe amounted EUR 36.62 million in total have been signed by Ukrainian organizations. In total, 144 Ukrainian institutions and organizations participate in the Horizon Europe Programme. The success rate of Ukrainian proposals under the Horizon Europe Programme is 18.05% (the average success rate of participating countries is 18.19%). Today, Ukraine ranks 6th among the associated countries participating in the Horizon Europe Programme in terms of funds received. For comparison, 174 Ukrainian participants took part in the previous framework "Horizon 2020" Programme with 240 grants received totaling 44.53 million euros. Thus, during the three years of the Horizon Europe program, despite the full-scale Russian war against Ukraine, Ukraine has exceeded all previous indicators of success.

A monitoring of the implementation of the 2021 Roadmap for the integration of the scientific and innovative system of Ukraine into the European Research Area (ERA) was made for advancing the integration into the new European Research Area (ERA). Publication of the monitoring results will be published on the official website of the Ministry of Education and Science of Ukraine in April 2024. It is planned to develop a new roadmap in 2024 that will include actual demands and new challenges of the scientific and innovative system of Ukraine nowadays.

A draft Strategy for the Development of Innovation Activity of Ukraine for the period up to 2030 developed by the Ministry of Digital Transformation of Ukraine and the Ministry of Education and Science of Ukraine includes a section "Science-intensive Innovation", based on the concept of a new wave of deep tech innovation. Among the key measures of the New European Innovation Agenda, the Strategy includes provisions regarding: access to finance for deep tech scale-ups, framework conditions for deep tech innovation, promoting innovation ecosystems, deep tech talents and improving the innovation policy-making framework. One of the Top-projects of Strategy is Science.City which will contribute to the activation of the development of scientific parks, scientific, technological, and innovative activities in universities and research institutions with the aim to scale-up deep tech innovation, which is rooted in cutting edge science, technology and engineering.

According to the State Nuclear Regulatory Inspectorate of Ukraine, the SSTC NRS, as the technical support organization to the national nuclear Regulator

(SNRIU), has been the beneficiary of 7 projects under the Euratom Horizon 2020 programme (projects APAL, ENTENTE, EURAD, METIS and STRUMAT-LTO are still ongoing; projects MUSA and R2CA completed). Under Horizon Euratom programme 2021-2025, SSTC NRS is the beneficiary of four projects (APIS, DELISA-LTO, HARMONISE, SASPAM-SA). Thus, in total 9 projects are presently ongoing with SSTC NRS participation.

In 2023, SSTC NRS actively contributed to preparing with international partners 8 new project proposals, of which 5 have been accepted for funding by Euratom (at present, grant agreements with the EC are under preparation for projects EASI-SMR, EURAD-2, FIND, SANE, SOCRATES).

● ***How many international agreements for Research and Innovation cooperation exist and how are they implemented? What are the amounts of funds devoted to the implementation of these agreements?***

In 2023, the Ministry of Education and Science of Ukraine provided the financial support for implementation of the 83 joint international research projects with 8 partner countries totaling almost 10 mln UAH:

- 10 Ukrainian-Latvian projects for a total amount of 1990.0 thousand UAH;
- 12 Ukrainian-Lithuanian projects for a total amount of 2388.0 thousand UAH;
- 10 Ukrainian-Slovak projects for a total amount of 1990.0 thousand UAH;
- 7 Ukrainian-Türkiyesh projects for a total amount of 1393.0 thousand UAH;
- 4 Ukrainian-Israeli projects for a total amount of 796.0 thousand UAH;
- 10 Ukrainian-Austrian projects for a total amount of 1990.0 thousand UAH;
- 15 Ukrainian-Poland projects for a total amount of 2985.0 thousand UAH;
- 15 Ukrainian-Chinese projects for a total amount of 2985.0 thousand UAH.

Also in 2023 the MoES ensured the implementation of 6 projects under EUREKA program for a total amount of 1194.0 thousand UAH, 18 projects of the NATO Science for Peace and Security (SPS) Programme for a total amount of 3510.0 thousand UAH.

In 2024, the Ministry of Education and Science of Ukraine will provide the financial support for implementation of the 77 joint international research projects with 7 partner countries totaling almost 15 mln UAH:

- 10 Ukrainian-Latvian projects for a total amount of 1990.0 thousand UAH;
- 15 Ukrainian-Lithuanian projects for a total amount of 2388.0 thousand UAH;
- 15 Ukrainian-German projects for a total amount of 2985.0 thousand UAH;
- 8 Ukrainian-Türkiyesh projects for a total amount of 1393.0 thousand UAH;
- 4 Ukrainian-Israeli projects for a total amount of 796.0 thousand UAH;

10 Ukrainian-Austrian projects for a total amount of 1990.0 thousand UAH;

15 Ukrainian-Poland projects for a total amount of 2985.0 thousand UAH.

Also in 2024 the MoES will provide the financial support for implementation of 2 projects under the EUREKA program for a total amount of 398.0 thousand UAH, 20 projects of the NATO Science for Peace and Security (SPS) Programme for a total amount of 3895.9 thousand UAH.

In addition, at the moment there are 132 agreements for international cooperation are assigned by the NAS of Ukraine with almost all academies at the EU and a lot of universities beyond it. Besides there are 700 direct links established between the NAS of Ukraine institutions and their foreign partners.

● *Is there a national regulatory framework in place to control foreign direct investments (FDI) in strategically sensitive sectors, infrastructure, technologies, or inputs? If so, please provide details about the FDI screening system?*

No relevant developments during the reporting period.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

● *Is there a national action plan or strategy to promote gender equality in research and innovation? To what extent are the European Charter for Researchers and a Code of Conduct for the Recruitment of Researchers implemented and applied? What is the number of HR Excellence in Research logos issued?*

Annual action plans for gender equality policy implementation are developed and being implemented in 18 HEIs and 5 scientific institutions out of respondents (38 and 12, respectively).

The European Charter for Researchers and the Code of Conduct for the Recruitment of Researchers are being implemented in Ukraine at the national level through a series of measures. Ukraine promotes international exchange of researchers and their participation in international projects, enhancing the mobility of scientists. The application of the charter allows for attracting more international funding for scientific research, especially through EU programs, such as Horizon Europe. This opens new opportunities for research and innovation.

Ukraine takes efforts to improve labor standards for researchers, ensuring proper contracting, social protection, and career development, inter alia, integrating scientific institutions into the European research area, facilitating cooperation and knowledge exchange. The implementation of these takes place using legislative changes, state support programs for science and international cooperation, and

encouraging scientific institutions to adopt the standards and principles of the European Charter for Researchers and the Code of Conduct for the Recruitment of Researchers.

Currently, there is no practice of implementing HR Excellence in Research logos in Ukraine.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ intensify effort to integrate into Horizon Europe, by taking steps to establish an office in Ukraine, appointing national contact points and taking part in the relevant governance structures

Ukraine continues development of the infrastructure to enhance participation of organizations from Ukraine in the Horizon Europe Programme. In 2023 a Horizon Europe Office in Ukraine was established at the National Research Foundation of Ukraine (according to the Resolution of the Cabinet of Ministers of Ukraine No. 808 of 4 August 2023) and officially started operations on 20 December 2023. The adoption of the act opened up the possibility of signing a Grant Agreement between the National Research Foundation of Ukraine and the European Union, represented by the European Commission, for the implementation of the HEOinUA Project-101132682 ("Horizon Europe Office in Ukraine as the key National Contact Point (NCP)").

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The Horizon Europe Office in Ukraine was nominated to perform as Coordination Center for Horizon Europe (the key NCP) according to the order of the Ministry of Education and Science of Ukraine No. 410 of 28 March 2024.

→ adopt the strategy for scientific and technological development

A draft Strategy for the Development of Innovation Activity of Ukraine for the period up to 2030 was developed by the Ministry of Digital Transformation of Ukraine and the Ministry of Education and Science of Ukraine aiming at ensuring a holistic approach to the development of the national innovation ecosystem of Ukraine and scientific and technological development.

The Strategy provides for strategic vision for science and research, defines innovation, and its benefit for Ukraine and allocates its responsibility at a high, cross-sectoral level, contributes to the implementation of the tasks of public policy in innovation sector, as follows:

- establishing legal framework regulation in the field of innovative activity;
- incentives for innovative activity of enterprises, institutions and organizations;
- development and state support of innovative potential of Ukraine of the national innovation ecosystem;
- development and accessibility of the innovative infrastructure network and providing access to it;
- international cooperation in the field of innovative activity and implementation of the concept of open innovation;
- development of the ecosystem of science-intensive innovations and activating innovation activities in universities and research institutions;
- streamlining and stimulating technology transfer and commercialization of scientific results;
- providing access to national and international innovation infrastructure and financial instruments;
- stimulating the development of an ecosystem of science-intensive startups (informational-communication, educational, financial instruments, increasing the potential of innovation infrastructure of higher education institutions and research institutions);
- creating digital tools to popularize the results of scientific and innovation activities, facilitate interaction between science and business, and quickly inform about new opportunities.

A draft Strategy with the action plan for 2024-2026 has undergone a public consultations procedure and is currently under consideration of respective government authorities. It is planned to be approved by the Government of Ukraine by June 2024.

→ develop regional smart specialisation strategies

On August 4, 2023, Resolution No. 816 of the Cabinet of Ministers of Ukraine was adopted "Some issues of development of regional development strategies and action plans for their implementation and monitoring of the implementation of these strategies and action plans", which provides that the development of regional development projects strategies is carried out on the basis of an assessment of the needs of interested parties and beneficiaries (beneficiaries) in the region, an assessment of the gender impact, as well as taking into account:

development of territorial communities, functional types of territories;

strategies for the development of territorial communities of the respective region (if approved).

Resolution specifies that the development of projects of regional strategies and action plans is based on the principles of state regional policy defined by the Law of Ukraine "On the Principles of State Regional Policy" and is carried out using a territorially oriented approach and smart specialization. Methodological recommendations for the application of smart specialization at the regional level are approved by the Ministry of Economy of Ukraine.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

**CLUSTER 3: Competitiveness
and Inclusive Growth**

**CHAPTER 26 – Education and
Culture**

ЄШУА

У К Р А Ї Н А

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Є В Р О П А

Answers to the Guiding Questions

1. Education

• *Please provide statistics on the Education and Training 2030 indicators and other relevant information in lower and higher education, clearly stating the source used.*

Annex I

EU-level targets	2030 target	Ukraine
Participation in early childhood education (from age 3 to starting age of compulsory primary education)	≥ 96%	n/a ⁶⁶
Low achieving 8 th graders in digital skills	<15%	n/a ⁶⁷
Low achieving 15-year-olds in ⁶⁸ :	Reading	<15%
	Maths	<15%
	Science	<15%
Early leavers from education and training (age 18-24)	< 9%	n/a ⁶⁹
Tertiary educational attainment (age 24-35)	≥ 45%	n/a ⁷⁰
Participation of adults in learning (age 25-64)	≥ 47% (2025)	n/a ⁷¹
Other contextual indicators:		
Education investment: Public expenditure on education as a percentage of the GDP		4.8% ⁷²
Upper secondary level attainment (age 20-24)		n/a ⁷³
Share of school teachers (ISCED 1030 who are 55 year olds or over)		29,39% ⁷⁴

• *Please provide sex-disaggregate data on numbers of pupils/students enrolled at each level, as well as drop-out rates and teachers/trainers at the*

⁶⁶ It is impossible to provide data as the general number of children of the respective age is impossible to collect due to the war and connected issues (strong internal and external displacement, occupation, etc.).

⁶⁷ Ukraine is not a participant in International Computer and Information Literacy Study (ICILS).

⁶⁸ PISA-2022 data.

⁶⁹ Currently the Labour Force Survey is not conducted in Ukraine due to wartime.

⁷⁰ Currently the Labour Force Survey is not conducted in Ukraine due to wartime.

⁷¹ Currently the Labour Force Survey is not conducted in Ukraine due to wartime.

⁷² as of 2023 (Ministry of Finance of Ukraine data)

⁷³ Currently the Labour Force Survey is not conducted in Ukraine due to wartime.

⁷⁴ According to Ukrainian EMIS – Automated Information Complex of Educational Management (AICEM).

different levels and sectors of the educational system including Early Childhood Education and Care, primary, lower and upper secondary, Vocational Education and Training and Higher Education. If possible, give an estimate of how the situation evolved in the past 5 years and how it is projected in the following years. Provide statistics on public and, if possible, private resources allocated to education at national level (in % of GDP and national budget). If possible, provide this information for each level of the education system. What is the cost of education per student (if possible, to detail to the cost of teaching and cost of the schools)?

The number of students of extracurricular education by gender

Indicator	as of 01.01.2021	as of 01.01.2022	as of 01.01.2023	as of 01.01.2024
Number of students, persons	1 138 171	1,014,981	790,834	798,854
of them:				
girls	681 231	621,764	492,698	498,401
boys	456,940	393 217	298,136	300,453
<i>share of girls, %</i>	59.9	61.3	62.3	62.4

Compiled according to the data of forms No. 1-PZ "Summary report of extracurricular educational institutions" as of 01.01.2021 and 01.01.2022

Preschool education

The number of children of preschool education by gender

Indicator	As of 01.01.2022	As of 01.01.2023	As of 01.01.2024
Number of children, persons	1 111 358	936 611	862 994
of them:			
girls	533 457	450,062	414 874
boys	577 901	486 549	448 120
<i>share of girls, %</i>	48.0	48.1	48.07

Compiled according to the data of forms No. 85-K "Report on the activities of the preschool education institution" for 2021 and 2022

School education

The number of students of general secondary education by education level and gender (without special institutions of general secondary education and special classes organized at institutions of general secondary education)

Indicator	2022/2023 academic year				2023/2024 academic year			
	Primary education	The first stage of secondary education	The second stage of secondary education	TOTAL	Primary education	The first stage of secondary education	The second stage of secondary education	TOTAL
	1-4 grades together	5-9 grades together	10-12 grades together		1-4 grades together	5-9 grades together	10-12 grades together	
Number of students, persons	1,524,174	2,021,458	457,541	4,003,173	1,412,794	2,016,851	475,634	3,905,279
of them: girls	743,508	987,242	238,592	1,969,342	688,057	980,836	246,522	1,915,415
boys	780,666	1,034,216	218,949	2,033,831	724,737	1,036,015	229,112	1,989,864
<i>share of girls, %</i>	48.8	48.8	52.1	49.2	48.70%	48.63%	51.83%	49.05%

Compiled according to the data of forms No. 76-RVC "Summary report of institutions of general secondary education" for the beginning of the 2021/2022 and 2022/2023 academic years

Vocational education and training

In 2022, there were 670 VET institutions (661 state-owned institutions, 9 communally-owned institutions). 228,319 persons (222,193 students and 6,126 trainees from among the unemployed and working population). Out of the total number of VET students: 143,467 men (62.84%) and 84,852 women (37.16%). Drop-out rate in 2022 was 10,977 persons. The number of teaching staff is 30,201 persons.

In 2023, there were 664 VET institutions (631 state-owned institutions, 33 communally-owned institutions). 225,194 persons. Out of the total number of VET students: 143,024 men (63.51%) and 82,170 women (36.49%). The number of teaching staff is 25,377 persons.

In 2023, 115,500 persons were enrolled in VET institutions, including: graduates of general secondary education institutions – 91,700 students; unemployed population – 4,100 persons; working population – 19,700 persons.

Professional pre-higher, higher education

The number of students in professional pre-higher and higher education by gender (01.01.2024)

Degree	Male	Share	Female	Share	Total
Professional Junior Bachelor	207277	56,15	161876	43,85	369153
Junior specialist	1086	53,47	945	46,53	2031
Junior Bachelor	930	57,69	682	42,31	1612
Bachelor	410769	52,64	369537	47,36	780306
Specialist	259	45,44	311	54,56	570
Master	170376	56,81	129509	43,19	299885
Doctor of Philosophy	36960	76,05	11641	23,95	48601
Doctor of Art	107	66,46	54	33,54	161

The number of students in professional pre-higher and higher education by gender (01.01.2024)

Level	Male	Share	Female	Share	Total
Professional Pre-higher	193505	0,55	157897	0,45	351402
Initial level (short cycle) of higher education	1324	0,47	1493	0,53	2817
First (Bachelor) level	354065	0,49	362324	0,51	716389
Second (Master) level	145948	0,53	128924	0,47	274872
Third (educational-scientific /educational-creative) level	23523	0,66	12246	0,34	35769

Resources allocated to education

Statistical data on resources allocated to education sector is as follows:

	Year			
	2021 (report)	2022 (report)	2023 (report)	2024 (plan as of March 2024)
Total expenditure on education (as % GDP)	5,7	5,5	4,8	4.4

Ministry of Finance of Ukraine data

• What is the pupil-teacher ratio at the different levels and sectors of the education system in the public and private systems per region/ city?

Preschool education

Workload for one pedagogical worker (educator/pedagogue) in preschool education institutions by forms of ownership and type of area

Indicator	As of 01.01.2023			As of 01.01.2024		
	All forms of ownership	State and communal	Private	All forms of ownership	State and communal	Private
Ukraine						
Pedagogical workers, persons	123,511	120,327	3 184	118759	115773	2986
Children, persons	936 611	918 199	18 412	862994	847104	15890
Workload on 1 pedagogical worker	7.58	7.63	5.78	7.27	7.32	5.32
Urban settlements						
Pedagogical workers, persons	92 493	89,759	2 734	90353	87682	2671
Children, persons	713 233	697 668	15 565	661840	647548	14292
Workload on 1 pedagogical worker	7.71	7.77	5.69	7.33	7.39	5.35
Countryside						
Pedagogical workers, persons	31 018	30 568	450	28 406	28 091	315

Children, persons	223 378	220 531	2 847	201 154	199 556	1 598
Workload on 1 pedagogical worker	7.20	7.21	6.33	7.08	7.10	5.07

Compiled according to the data of forms No. 85-K "Report on the activities of the preschool education institution" for 2022 and 2023

School education

Workload for one teacher (pupil/teacher) in institutions of general secondary education (without special institutions of general secondary education) by forms of ownership and type of area

Indicator	2022/2023			2023/2024		
	All forms of ownership	State and communal	Private	All forms of ownership	State and communal	Private
Ukraine						
Teachers of grades 1-4, persons	110 273	107 942	2 331	74849	72893	1956
Teachers of grades 5-11(12), persons	211 090	208,055	3 035	166310	163083	3227
Teachers total, persons	321 363	315 997	5 366	241159	235976	5183
Students of 1-4th grades, persons	1 524 174	1 496 145	28 029	1412794	1379269	33524
Students of grades 5-11(12), persons	2 478 999	2 436 331	42 668	2492485	2442676	49809
Students total, persons	4,003,173	3,932,476	70 697	3905279	3821945	83334
Workload for 1 teacher of grades 1-4	13.82	13.86	12.02	18.88	18.92	17.14
Workload for 1 teacher of grades 5-11(12)	11.74	11.71	14.06	14.99	14.98	15.44
Workload for 1	12.46	12.44	13,17	16.19	16.20	16.08

teacher						
Urban settlements						
Teachers of grades 1-4, persons	63,832	61,684	2 148	41783	40018	1765
Teachers of grades 5-11(12), persons	124,064	121,290	2,774	101352	98417	2934
Teachers total, persons	187,896	182,974	4,922	143134	138435	4699
Students of 1-4th grades, persons	1,092,804	1,066,720	26,084	1012475	981583	30892
Students of grades 5-11(12), persons	1,782,766	1,742,060	40,706	1795773	1748502	47271
Students total, persons	2,875,570	2,808,780	66,790	2808248	2730085	78163
Workload for 1 teacher of grades 1-4	17,12	17,29	12,14	24.23	24.53	17.50
Workload for 1 teacher of grades 5-11(12)	14.37	14.36	14.67	17.72	17.77	16.11
Workload for 1 teacher	15.30	15.35	13.57	19.62	19.72	16.63
Countryside						
Teachers of grades 1-4, persons	46 441	46,258	183	33 066	32 875	191
Teachers of grades 5-11(12), persons	87,026	86,765	261	64 959	64 666	293
Teachers total, persons	133 467	133,023	444	98 025	97 541	484
Students of 1-4th grades, persons	431 370	429 425	1 945	400 319	397 686	2 633
Students of grades 5-11(12), persons	696 233	694 271	1 962	696 712	694 174	2 538
Students total, persons	1,127,603	1,123,696	3,907	1 097 031	1 091 860	5 171

Workload for 1 teacher of grades 1-4	9.29	9.28	10.63	12.11	12.10	13.79
Workload for 1 teacher of grades 5-11(12)	8.00	8.00	7.52	10.73	10.73	8.66
Workload for 1 teacher	8.45	8.45	8.80	11.19	11.19	10.68

Compiled according to the data of forms No. 76-RVC "Summary report of institutions of general secondary education" and No. 83-RVC "On the number and composition of teaching staff of institutions of general secondary education" for the beginning of the 2022/2023 and 2023/2024 academic years

Workload for one pedagogical worker (educator/pedagogue) in extracurricular education institutions by forms of ownership and type of area

Indicator	As of 01.01.2022		As of 01.01.2023			As of 01.01.2024			
	All forms of ownership	State and communal	Private	All forms of ownership	State and communal	Private	All forms of ownership	State and communal	Private
Ukraine									
Pedagogical workers, persons	20,211	20 126	85	16,254	16,200	54	15535	15476	59
Students, persons	1,014,981	1,011,233	3,748	790,834	787,271	3,563	798854	795019	3835
Workload on 1 ped worker	50.22	50.25	44.09	48,65	48,6	65,98	51.42	51.37	65
Urban settlements									
Pedagogical workers, persons	19 186	19 101	85	14,197	14,143	54	14507	14448	59
Students, persons	977 597	973 849	3,748	762,139	758,576	3,563	767199	763364	3835
Workload on 1 ped	50.95	50.98	44.09	53,68	53,64	65,98	52.88	52.84	65

worker									
Rural area									
Pedagogical workers, persons	1,025	1,025	0	2,057	2,057	0	1028	1028	0
Students, persons	37,384	37,384	0	28,695	28,695	0	31655	31655	0
Workload on 1 ped worker	36,47	36,47		13,95	13,95		30.79	30.79	

Compiled according to the data of forms No. 1-PZ "Summary report of extracurricular educational institutions" as of 01.01.2021, 01.01.2022, 01.01.2023

Vocational education and training

In VET institutions, the workload per teacher is 7.79 in 2021 and 7.56 in 2022.

Data on private VET institutions are not collected. Their number is 301 institutions (as of 01.03.2023) according to the Register of subjects of educational activity of the EDEBO.

The workload per 1 teacher in VET institutions (vocational and technical) is 8.87 in 2023 and 7.79 in 2022. Data on private VET institutions are not collected.

Professional Pre-Higher and Higher education

No respective information in professional pre-higher and higher education.

• What is the share of public/private education at all levels of the education system?

The share of state and private forms of ownership in the field of extracurricular education

Indicator	as of 01.01.2022				as of 01.01.2023				as of 01.01.2024			
	Number of institutions, unit	share of institutions, %	Number of students, persons	share of students, %	Number of institutions, unit	share of institutions, %	Number of students, persons	share of students, %	Number of institutions, unit	share of institutions, %	Number of students, persons	share of students, %

UKRAINE												
TOTAL	1 263		1,014,981		1153		790834		1170		798854	
State and communal institutions	1 247	98.7	1,011,233	99.6	1138	98,70 %	787271	99,55 %	1155	98.72	795019	99.52
Private institutions	16	1.3	3,748	0.4	15	1,30%	3563	0,45 %	15	1.28	3835	0.48
Urban settlements												
TOTAL	1 156		977 597		1 049		762139		1057		767199	
State and communal institutions	1 140	98.6	973 849	99.6	1 034	98,57 %	758576	99,53 %	1042	98.58	763364	99.5
Private institutions	16	1.4	3,748	0.4	15	1,43%	3563	0,47 %	15	1.42	3835	0.5
Rural area												
TOTAL	107		37,384		104		28695		113		31655	
State and communal institutions	107	100.0	37,384	100.0	104	100.0	28695	100.0	113	100	31655	100
Private institutions	0	0.0	0	0.0	0	0.0	0	0.0				

Compiled according to the data of forms No. 1-PZ "Summary report of extracurricular educational institutions" as of 01.01.2022, 01.01.2023, 01.01.2024

Preschool education

The share of public and private education at the level of preschool education

Indicator	As of 01.01.2023				As of 01.01.2024			
	Number of institutions, unit	Share of institutions, %	Number of students, persons	Share of students, %	Number of institutions, unit	Share of institutions, %	Number of students, persons	Share of students, %
UKRAINE								

TOTAL	13,943		936 611		13522		862994	
State and communal institutions	13,439	96.4	918 199	98.0	13032	96.38	847104	98.16
Private institutions	504	3.6	18,412	2.0	490	3.62	15890	1.84
Urban settlements								
TOTAL	5,754		713 233		5899		661840	
State and communal institutions	5 351	93.0	697 668	97.8	5473	92.78	647548	97.84
Private institutions	403	7.0	15,565	2,2	426	7.22	14292	2.16
Countryside								
TOTAL	8 189		223 378		7623		201154	
State and communal institutions	8,088	98.8	220,531	98.7	7559	99.16	99556	99.21
Private institutions	101	1,2	2,847	1.3	64	0.84	1598	0.79

Compiled according to the data of forms No. 85-K "Report on the activities of the preschool education institution" for 2022 and 2023

School education

The share of public and private education at the level of general secondary education

Indicator	2022/2023				2023/2024			
	Number of institutions, unit	Share of institutions, %	Number of students, persons	Share of students, %	Number of institutions, unit	Share of institutions, %	Number of students, persons	Share of students, %
UKRAINE								
TOTAL	12,976		4,041,976		12708		3905279	
State and communal	12,570	96.9	3,971,076	98.2	12264	96.51	3821945	97.87

institutions								
Private institutions	406	3.1	70,900	1.8	444	3.49	83334	2.13
Urban settlements								
TOTAL	5,278		2,907,979		5274		2808248	
State and communal institutions	4,907	93.0	2,840,986	97.7	4874	91.79	2730085	97.59
Private institutions	371	7.0	66,993	2,3	400	8.21	65912	2.41
Countryside								
TOTAL	7,698		1,133,997		7434		1097031	
State and communal institutions	7,663	99.5	1,130,090	99.7	7390	99.41	1091860	99.53
Private institutions	35	0.5	3,907	0.3	44	0.59	5171	0.47

Compiled according to the data of forms No. 76-RVC "Summary report of institutions of general secondary education" for the beginning of the 2022/2023 and 2023/2024 academic years

Vocational education and training

2021 year. State-owned institutions - 698 (99.6%), communally owned institutions - 3 (0.4%).

2022 year. State-owned institutions - 661 (98.7%), communally owned institutions - 9 (1.3%).

2023 year. State-owned institutions - 631 (95.0%), communally owned institutions - 33 (5.0%).

Professional pre-higher, higher education

Higher Education (as of 01 January 2024). By number of higher education institutions: private 34.9%, state - 57.5%. According to the number of students - 10,4% and 89,6%, respectively. The state (municipal) owned higher and professional pre-higher education institution predominates in Ukraine. As of 01 January 2024, the share of students that studying on the Bachelor level in public higher education institutions is 89%, Master degree is 90%, Junior Bachelor – 99%

and Professional Junior Bachelor at pre-higher education institutions – 91%.

	State/Municipal ownership	Private ownership	Share of students at State/Municipal owned institution
Bachelors	698247	82775	0,89
Masters	297001	33453	0,90
PhD	43501	4322	0,91
Junior Bachelor	1598	19	0,99
Professional Junior Bachelor	336389	32642	0,91

• What do you see as the main challenges for the different education levels and sectors?

The main problems and challenges in the preschool education sector are as follows:

- insufficient number of equipped bomb shelters (or their limited capacity) in preschool education institutions;

- shortage of places in preschool institutions still exists in urban areas - in settlements with a high density of population (big cities, oblast centres and settlements in the western Ukraine accepting children from among IDPs).

The main problems in inclusive learning include:

- damage and looting of a significant part of inclusive resource centres, which are located in occupied territories;

- severe budget restrictions and lack of financing to provide corrective and developmental services for all children with special educational needs in wartime;

- the need for training of educational staff to work with children with special educational needs, including those who have experienced psychological trauma.

The key problems and challenges in the field of school education include:

- provision of safe learning conditions (establishment of shelters);

- damaged and destroyed educational infrastructure and its restoration;

- the need in involvement of qualified teachers to work in the de-occupied territories;

- a significant number of internally displaced students who continue their education in the place of temporary residence;

- the need to involve students from the temporarily occupied territories and those who are forced to stay abroad within the borders of Ukraine in the Ukrainian education system.

The main challenges in VET (including professional pre-higher education) are as follows:

the need to organise practical training and internships for students of VET institutions;

the need to integrate into the Ukrainian education system students of VET institutions who are studying abroad or who are studying in the temporarily occupied territory of Ukraine;

VET is still not prestigious (only a small percentage of general secondary education graduates prefer to study at VET institutions);

the lack of adaptation of educational programmes and duration of study to the needs of students and employers, taking into account the needs of the economy/infrastructure during its reconstruction/recovery. Partial loss of connections between VET institutions and business.

The main challenges in higher education are as follows:

- relocation of youth abroad;

- imbalance between the demand for quality higher education and infrastructure and network capabilities;

- selective migration with the transition to emigration of competitive experienced specialists under the threat of a long war, insufficient financial incentives (including social welfare) for their return migration (relocation), as a result - a shortage of qualified scientific and scientific-pedagogical staff in Ukraine;

- limited opportunities for the development of qualified management teams that would meet the needs of the integration of the higher education system of Ukraine into the single European higher education area, lack of awareness of the mission of leadership in the formation of human capital and social cohesion;

- non-competitive salaries and rigid system of payment to employees;

- imbalance of demand on the labour market and supply on the part of the higher education system in some specialties;

- the insufficient number and poorly equipped shelters in educational institutions and educational institutions do not allow to create safe conditions for education seekers, impossibility of conducting training offline;

- inefficient use of budget funds;

- destroyed and damaged educational infrastructure;

- lack of a network of qualification/certification centers and insufficient

development of the network of adult education institutions;

- insufficient usage by HEIs opportunities for international mobility, joint educational programs, research with foreign universities;

- a sharp drop in the population's ability to pay for higher education;

- insufficient involvement of employers and real sector in higher education (in governance, content definition, teaching, places for practice etc).

• Stabilisation of reforms: What are the main objectives and the timetable for implementation of the most recent reforms efforts of the education and training systems in the country? What are the main obstacles/difficulties encountered or foreseen? Are the reforms and their objectives clearly linked to the Employment public policy/strategy?

Preschool education institutions in Ukraine in 2023 and today operate under the legal regime of martial law. The decision on the functioning regime of preschool education institutions in conditions of martial law belongs to the powers of local executive authorities and local self-government. Educational activities of preschool education institutions are organized taking into account the security situation in the region, measures and tasks defined by the military-civil administration and the founder.

In 2023, 63 shelters were renovated in accordance with the national concept "My Fortress". Changes have been made to the Cabinet of Ministers of Ukraine ' resolution "Regulations on Preschool Education Institutions", which provide for the allocation of places for children in need. Methodological recommendations for admission, transfer, and dismissal of students from state (municipal) preschool education institutions in conditions of martial law have been approved prior to these changes.

The "Safeguarding policy" project has also been introduced, which provides for the development of a child protection policy in preschool education institutions.

In collaboration with UNICEF, projects "State Standard of Preschool Education" and "Diversified Forms of Preschool Education" have been introduced. The Ministry has developed and sent to education management bodies Methodological Recommendations on certain issues of preschool education institutions' activities in the 2023/2024 academic year, accompanied by a letter from the Ministry of Education and Science "On certain issues of preschool education institutions' activities in the 2023/2024 academic year".

The Ministry has also approved a program for the professional development of preschool teachers on organizing a safe educational environment in preschool education institutions and a Model program for the professional development of pedagogical workers of preschool, general secondary, and vocational (vocational-technical) education institutions "Nurturing resilience in an educational institution".

A new draft Law of Ukraine "On Preschool Education" is being prepared to the

second reading by the Verkhovna Rada of Ukraine. It aims at improving legislation in the field of preschool education by introducing new principles of state policy in the field of preschool education including modern principles of forming the preschool education system, diverse opportunities in realizing the right to preschool education, developed in leading countries of the world.

Inclusive learning

In 2023, 293,254.31 thousand UAH were used from the total of UAH 304 million of special subvention from the state budget to local budgets to fund state support to persons with special educational needs. As due to Russian aggression and for security purposes, distance learning took place in certain regions from September 1, 2023, not all regions and institutions were able to use subvention funds.

A special subvention of UAH 304 million is allocated from the state budget to local budgets to provide state support to persons with special educational needs (a respective resolution was adopted on 09 April 2024). Subvention will be channeled to finance educational services for children with SEN from inclusive groups and classes of preschool, general secondary education and VET institutions.

The draft of the National Strategy for Inclusive Education Development until 2030 has been developed, taking into account the interests of a wide range of stakeholders and aimed at addressing key issues in the field of inclusive education. The goal of adopting this document is to ensure access to quality education for every person, taking into account their individual needs and capabilities, and creating conditions for self-development.

Implementation of the New Ukrainian School reform is ongoing in general secondary education. In September 2023 the NUS reform was launched at Grade 6. A pilot of the State Standard of Basic Secondary Education the Grade 7 is in progress.

The **Order of the Ministry of Education and Science of Ukraine of 21 August 2023 No. 1022** was issued (registered at the Ministry of Justice of Ukraine on September 01, 2023 No. 1537/40593). The Order defines learning modalities for children who left Ukraine due to the full-scale russian military invasion and receive school education at the host country and Ukraine simultaneously. In particular, such children can study remotely in established classes at school institutions defined by the local self-government authorities (up to five per oblast and Kyiv).

In these classes, students will be able to study only subjects of the Ukrainian studies component. The educational process will be organized in accordance with the model educational program (**order of the Ministry of Education and Science of Ukraine of August 18, 2023 No. 1014**). The weekly load ranges from six hours in primary to eight hours in high school.

During 2023 the implementation of the New Ukrainian School reform took place in the following directions: professional training of teachers, development/updating of the content of education, development/updating of regulatory acts, interaction with donors and monitoring of the implementation of the

reform.

The following key results were achieved:

- Model Curricula connected with subjects History of Ukraine, Defence of Ukraine for New Ukrainian School were updated during 2023;

- a subvention (UAH 1 473 333,5) for the implementation of the New Ukrainian School reform in the basic school (updating of material and technical support, training of teachers, purchase of equipment) was allocated in 2023. In 2024 this subvention amounts UAH 1,5 billion;

- updated content of the teachers professional training at the basic secondary level (e.g., NUS implementation course at basic secondary education; course to tackle educational losses, course on distance learning etc);

- training were conducted for the regional and branch coordinators of NUS (from among representatives of in-service teacher training institutes) for the II-nd cycle of basic secondary education;

- a study of the results of the implementation of the school reform in grades 5-6 was conducted;

- tools were developed to conduct a pilot State Final Assessment in Grade 4 for school students studying according to the New state standard (New curriculum);

- enhanced interaction with partners and donors to ensure high-quality and safe education (building shelters, purchasing textbooks, conducting training, strengthening psycho-emotional training, procuring digital devices for enhancing remote teaching and learning etc.)

In vocational education and training the changes have been made to the procedure and conditions for providing state targeted support to certain categories of citizens for obtaining VET, professional pre-higher and higher education (**Resolution of the Cabinet of Ministers of Ukraine dated August 08, 2023 No. 830**). This resolution establishes that targeted state support will also be provided to persons who have been deprived of their personal freedom as a result of armed aggression against Ukraine, and to their children.

The Ministry of Education and Science of Ukraine has developed a new draft Law of Ukraine "On Vocational Education" and posted it on the official website of the Ministry of Education and Science for public discussion on April 2, 2024. Proposals and comments to the draft Law are welcomed until May 02, 2024.

The Draft Law of Ukraine "On Vocational Education" is developed in order to create a unified capable system of vocational education in Ukraine for self-realization of a person in the labour market, providing labour markets with qualified personnel, taking into account the needs and characteristics of the regions, ensuring consistency of legal conditions for the formation and implementation of state policy in VET sector.

In March 2024, the Strategic Plan of the Ministry of Education and Science of

Ukraine until 2027 was approved by the Order of the MoES, dated March, 7, 2024, № 276.

Priority 4 of the Strategic Plan is dedicated to the **transformation of VET in Ukraine**, in particular:

- 1) the network of VET institutions is effective and has modern infrastructure;
creating of efficient network of VET institutions
establishment of Centres of professional excellence
creating modern educational, production and social infrastructure of VET institutions including practical centers
- 2) VET institutions ensure the acquisition of educational and professional competencies for personal development and successful careers;
- 3) the network of VET institutions is attractive and prestigious for learning and working;
- 4) VET institutions effectively utilize their organizational, academic and financial autonomy and receive results-oriented funding.
- 5) VET institutions and professional pre-higher education have established partnerships with business.

Key initiatives in VET sector:

development and passing the Law “On Vocational Education” by the Verkhovna Rada of Ukraine;

enhancement of pedagogical skills of teachers and masters in VET institutions;

modernization of VET institutions network;

adaptation and modernization of educational programs;

ensuring the return of educational opportunities and the development of education in de-occupied territories;

strengthen connections between VET institutions and business;

financial management is a key component of successful functioning of the VET institutions, contributes to its development and achievement of the planned efficiency goals;

development of inclusive VET education. Ensuring equal opportunities for access to vocational and profile upper-secondary education for all population categories.

The main goal of reform of higher education is increasing trust, ensuring quality, efficiency of its management, competitiveness, and integration into the European Higher Education Area. For the strengthening and expanding the individual educational trajectory of students and the conscious choice of a specialty in the process of obtaining an education the draft law on the development of individual educational trajectories in higher education was approved by the

Government on October 20, 2023, have registered in the Verkhovna Rada No. 10177 dated 10/23/2023 and approved on the first reading.

The draft law proposes to detail the concept of an individual educational trajectory for students of higher education, providing for this the choice of educational programs, subjects of educational activity, types, forms and duration of education, educational components and their level of complexity, to expand the practice interdisciplinary educational programs at all levels of higher education, to regulate the issue of educational qualification, academic and professional rights of graduates of such programs. The act proposes an algorithm for recognizing the learning outcomes obtained through informal and informal education.

For the updating of the content of professional pre-higher and higher education the new educational standards the standards of education are being developed. These standards are based on a competency-based approach and share the philosophy of defining the requirements for a specialist, which is the basis of the Bologna Process and the European Commission's International Project "Harmonization of Educational Structures in Europe". As of February 27, 2024, 111 out of 113 Bachelor's level higher education standards (100% developed), 102 out of 121 Master's level standards (100% developed), 56 out of 104 Doctor of Philosophy standards (1 Doctor of Arts out of 3) have been approved (84% developed). 94% of higher education standards have been developed and 100% in the field of professional pre-higher education (95% approved).

To improve the management efficiency of HEIs and the use of public funds a procedure for distributing state budget financing for higher education among higher education institutions was amended, as well as a respective Formula for the distribution of state budget expenditures between higher education institutions based on the indicators of their educational, scientific and international activities (Resolution of the Cabinet of Ministers of Ukraine (Resolution No. 298 of March 15, 2024).

In order to improve the external system of quality assurance of higher education, the Regulation on the Appeals Chamber of the National Agency for Quality Assurance of Higher Education was approved by the order of the Ministry of Education and Science of December 21, 2023 No. 1551.

To ensure financial access to quality higher education the new model of financing of higher education has developed (The draft Law of Ukraine "On Amendments to Certain Laws of Ukraine Regarding the Financing of Higher Education and the Provision of State Targeted Support to Its Pursuers" No. 10399), which involves increasing the diversification of financing methods and co-financing of education at the expense of state or local budgets. In particular, by fully covering the cost of education at the expense of the budget, by co-financing - providing state grants, preferential long-term lending. The draft law was adapted in the first reading and is being revised for the final approval. The model was presented to key stakeholders (Committee of the Verkhovna Rada of Ukraine on Education, Science and Innovation, the Ministry of Economy of Ukraine, the Ministry of Finance of

Ukraine, and the rectors of HEIs in Ukraine.

To facilitate collection of educational statistics in higher education according to ISCED-f 2013 the draft Resolution of the Cabinet of Ministers of Ukraine on the new list of fields of education and specialties is developed and is ongoing internal government procedures.

• *Equal access: Describe arrangements to ensure equal access to education and training regardless of gender, ethnic origin, religion, disabilities or from remote areas. Could you provide data on enrolment and completion rates for pupils/students from non-majority communities at the different levels of the education system?*

Ukraine aims to ensure equal access to preschool education for all children regardless of their social, economic, ethnic, or geographical status. However, there are still open questions and challenges in this area. In the preschool education sector the number of preschool institutions providing services continues to grow. As of June 15, 2023, in Ukraine, educational services were provided by 10,262 preschool institutions, including: in-person - 5,737, remote - 3,105, blended - 1,420. As of March 15, 2024, in Ukraine, educational services are provided by 11,912 preschool institutions, including: in-person - 8,592, remote - 2,104, blended - 1,216.

Access to preschool education in Ukraine is often limited by a lack of preschool facilities in remote rural areas and cities, as well as by poor infrastructure and equipment. This creates queues for admission, especially among population groups with limited capabilities, low incomes, and children from vulnerable families.

To address these issues, the Ukrainian government is considering a range of measures, including construction and reconstruction of preschool facilities in remote areas, introduction of new forms of preschool education organization (such as distance learning and interactive learning platforms), raising the status and pay of preschool educators, and expanding psychological support for children and their families.

To increase the capacity in preschool institutions, regulate access to quality preschool education for children in special circumstances within and outside Ukraine, as well as preserve places in state (municipal) preschool institutions for children temporarily absent due to war, the Government has approved changes through Cabinet of Ministers Resolution No. 1022 dated September 26, 2023, to the Regulations on Preschool Institutions regarding the admission, transfer, and withdrawal of children from state (municipal) preschool institutions, and the use of their premises in times of martial law.

As of 2024, 750,793 children are enrolled in preschool institutions, with 559,698 receiving in-person education, 112,177 studying remotely, and 78,918 utilizing a blended learning approach.

The laws of Ukraine guarantee the education of persons with special

educational needs at all levels of education, including the organization of inclusive education.

One challenge is the insufficient number of inclusive educational institutions and the uneven distribution of such institutions across different regions of Ukraine. This can result in limited access for some children, particularly those living in rural or remote areas.

Additionally, there is a constant need for greater awareness and understanding of inclusive education principles among educators, parents, and the wider community. Attitudinal barriers and stigma towards children with disabilities or special educational needs can hinder their participation in inclusive education programs.

In Ukraine, a network of Inclusive Resource Centers has been established to identify the educational needs of learners and ensure their continued support. Due to Russian military aggression, in addition to conducting comprehensive assessments of individuals' development, the inclusive resource centers provide corrective services and psycho-pedagogical support to all children whose parents or legal representatives reach out to the centers. As of March 15, 2023, 638 out of 675 such centers were operational, with a staffing level of 75.9%. As of June 15, 2023, there were 24,995 inclusive classes in operation across 7,012 general secondary education institutions, accommodating 33,861 students with special educational needs.

Children with special educational needs are enrolled in inclusive groups and classes. As of April 2024, 666 out of 692 such centers are operational, with a staffing level of 79.8%. As of March 15, 2024, there are 29,140 inclusive classes in operation across 7,360 general secondary education institutions, accommodating 40,147 students with special educational needs.

A special subvention of UAH 304 million is allocated from the state budget to local budgets to provide state support to persons with special educational needs (a respective resolution was adopted on 09 April 2024). Subvention will be channeled to finance educational services for children with SEN from inclusive groups and classes of preschool, general secondary education and VET institutions.

The educational process in general secondary education institutions in martial law is organized in accordance with the requirements of legislation, State Standards of General Secondary Education taking into account the situation in each settlement and the decisions of regional and local military administrations.

As of now, activities in general secondary education institutions are carried out using distance, blended and face-to-face modes of organizing the educational process.

As of March 2024, 12 599 general secondary education institutions (hereinafter - school institutions) are operating, namely:

7,353 institutions (1 983 362 children) in face-to-face mode;

2,485 institutions (868 363 children) in distance mode;

2,779 institutions (967 249 children) in blended mode.

920 schools are located in the temporarily occupied territories.

One of the biggest challenges for education during martial law is the provision of safe learning conditions, a variety of forms of organization of the educational process, a significant number of internally displaced students who continue their education at the place of temporary residence, and the involvement of students from temporarily occupied territories and those who are forced to stay abroad within the borders of Ukraine, to the Ukrainian education system.

The number of IDPs receiving educational services in functioning institutions is 227,928 persons.

The number of education seekers from the temporarily occupied territories who receive educational services in schools is 64,331 people.

There are 395,178 school students who are forced to stay abroad, and among them are studying in Ukrainian schools:

by distance learning – 243,547 persons;

by family form of education – 106,142 persons;

by externship form of education – 43,517 persons;

in "distance classes" – 1,972 persons.

Since the beginning of the large-scale Russian invasion on the territory of Ukraine as a result of hostilities, 391 educational institutions were destroyed and 3,282 were damaged (including 203 institutions of school institutions were destroyed and 1,562 schools were damaged), which is 14.19% of the total number of educational institutions in territory controlled by Ukraine.

As of March 25, 2024, restoration work was completed in 946 (25.76%) educational institutions and 238 (6.48%) educational institutions were repaired.

To ensure the creation of safe conditions in educational institutions in 2023 the Government allocated special subvention of UAH 1.5 billion for the reconstruction of shelters in schools. 197 projects related to the reconstruction and arrangement of shelters were implemented with the funds of the subvention. In 2024 a subvention of a total amount of UAH 2,5 billion will be allocated from the state budget to local budgets to fund establishment of shelters in educational institutions providing general secondary education (general schools, VET and professional pre-higher education institutions). The relevant resolution defining funds distribution procedure was approved by the Government on 12 April 2024.

As of September 01, 2023, the educational process started in 88 % of VET institutions, of them:

- 23 % in face-to-face mode;

- 30 % in remote mode:

- 47 % in blended mode.

As of September 2023, 95% of VET institutions are equipped with civil protection facilities (bomb shelters).

No other relevant policy developments took place during the reporting period.

The main arrangements to ensure equal access to professional pre-higher and higher education regardless of disabilities or from remote areas are the special priorities for admission to HEIs with the possibilities of state financing.

During the admission to HEIs in 2023 the number of persons who used such possibilities on the competitive basis are:

persons with disabilities due to the war – 100,

persons to whom the Law of Ukraine "On the Status and Social Protection of Citizens Affected by the Chernobyl Disaster" has granted the right to admission without exams to state institutions of higher education based on the results of an interview – 24,

persons recognized as injured participants of the Revolution of Dignity, participants in hostilities in accordance with the Law of Ukraine "On the Status of War Veterans, Guarantees of Their Social Protection", including those who are undergoing military service (except conscripts) in the manner determined by the relevant provisions on military service by citizens of Ukraine – 4918,

orphans, children deprived of parental care, persons from among them – 5603, persons whose place of residence is registered (declared) in the temporarily occupied territory of Crimea, or who moved from it after January 1, 2023 – 101,

persons whose place of residence is registered (declared) in settlements included in the territory of active hostilities as of July 1, 2023 or whose temporary occupation by the Russian Federation ended after February 24, 2022 – 6406,

persons in whom one of the parents (adoptive parents) was a police officer who died or was recognized by the court as a missing person during the performance of his official duties, within three years after obtaining the relevant general secondary education – 10,

children of deceased (deceased) persons, defined in the first part of Article 10¹ of the Law of Ukraine "On the Status of War Veterans, Guarantees of Their Social Protection", persons from among them – 669,

persons, one of whose parents is a participant in hostilities on the territory of other states, who died (missing) or died as a result of injury, contusion or mutilation received during hostilities and conflicts on the territory of other states, as well as a result of a disease related to with a stay on the territory of other states during these actions and conflicts – 8,

persons in whom one of the parents (adoptive parents) was a military serviceman who died or was recognized by the court as a missing person while performing his military service duties – 382,

persons with disabilities of the I, II groups and children with disabilities under the age of 18 who are not contraindicated to study in the chosen specialty – 3009,

persons with disabilities from among participants in the liquidation of the consequences of the accident at the Chernobyl NPP and victims of the Chernobyl disaster – 20,

miners who have at least three years of underground work experience, as well as within three years of completing general secondary education, persons whose parents are miners and have at least 15 years of underground work experience, or who died as a result of an accident at work or became persons with group I or II disability – 788,

persons who are internally displaced persons in accordance with the Law of Ukraine "On Ensuring the Rights and Freedoms of Internally Displaced Persons" – 7752,

children from large families (five or more children) – 784,

persons, one of whose parents died or died as a result of wounds, mutilation, contusion or other health damage received during participation in the Revolution of Dignity – 1.

Ensuring access to education for IDPs

Ensuring access to preschool education is under the responsibility of local authorities. As of March, 2024, 7768 preschool institutions accept 52278 children from among IDPs.

Local self-government bodies and local executive authorities provide free meals for orphans, children deprived of parental care, children with disabilities, children from disadvantaged families and those of fallen (deceased) war veterans, who are enrolled in state and municipal preschool education institutions.

According to the Regulation on Preschool Education Institutions approved by the Cabinet of Ministers of Ukraine on March 12, 2003, No. 305 (as amended by the resolution of the Cabinet of Ministers of Ukraine of January 27, 2021, No. 86), priority enrollment of children among internally displaced persons or children who have the status of a child affected by hostilities and armed conflicts in state (municipal) preschool education institutions is provided.

In accordance with the Law of Ukraine "On Ensuring the Rights and Freedoms of Internally Displaced Persons," local self-government bodies, within their powers, ensure the provision of medical care in municipal healthcare institutions, taking into account information about internally displaced persons temporarily residing (staying) in the respective locality; they arrange for the placement of children in municipal preschool and general education institutions.

No special regulations nor procedures to organize educational processes for children from among internally displaced persons exist in the school education

sector. They are enrolled in schools in the places (settlements) of their current residence using the same rules as local residents.

According to the Resolution of the Cabinet of Ministers of Ukraine of July 8, 2023 on peculiarities of the educational process during martial law in Ukraine in schools during the 2023/2024 academic year regional and Kyiv city military administrations should organize the beginning of the academic year depending on the security situation in each separate administrative and territorial unit.

Learning is organized in face-to-face, distance or blended mode depending on capacities of the bomb shelters in these schools. A special regulation sets rules for schoolchildren who are staying abroad. Schools are recommended to take into account the learning results of the schoolchildren - citizens of Ukraine who are studying full-time in schools abroad and remotely in Ukraine. A special curriculum was developed in Ukrainian language, Ukrainian literature and the History of Ukraine for education of children who left Ukraine and study simultaneously in schools of the host country (face-to-face) and Ukraine (remotely). Forms, means, frequency of assessment of learning results are determined by schools, if necessary, an individual study plan is developed for the student.

As of March 2024, 33 higher education institutions, 45 professional pre-higher education institutions were relocated from the temporary occupied territories. All displaced education institutions provide educational process in distance mode.

Entrants whose place of residence is registered (declared) in the temporarily occupied territories (hereinafter - TOT) or in settlements classified as active hostilities as of July 1, 2024 have special rights for admission to higher education institutions.

The possibility for admission to HEIs is provided to all entrants from TOT and territories of active hostilities, who: either has or does not have Ukrainian education document, either has or has not passed National Multidisciplinary Test with relevant certificate.

As of November 1, 2023, the number of students in relocated educational institutions include: professional junior bachelor – 18,152 students, junior specialist – 198 students, junior bachelor – 22 students, bachelor – 35,065 people and master's degree – 19,485 students, respectively.

Starting from 2016, the Ministry of Education and Science of Ukraine defines a special Procedure for admission to study for applicants of higher, professional pre-higher and vocational education for persons residing in territories where it is impossible to ensure meeting Ukrainian education standards and/or stable educational process.

The procedure defines steps to obtain documents on general secondary education and special admission conditions to get higher, professional pre-higher education, vocational education and training by persons who, in particular, live in the temporarily occupied territories of Ukraine, providing opportunity to enter within the established admission quotas.

Organization of work with persons from the temporarily occupied territories is carried out by educational centers "Crimea Ukraine" (for persons from the temporarily occupied territory of the Autonomous Republic of Crimea and the city of Sevastopol) and educational centers "Donbas-Ukraine" (for persons from certain territories of Ukraine, which are part of Donetsk and Luhansk) oblasts occupied by the Russian Federation (including the occupation administration of the Russian Federation), (hereinafter - Centers) in cities where educational activities are carried out by institutions of higher or professional pre-higher education.

In order to obtain documents on basic secondary education or complete general secondary education, necessary for getting higher, professional pre-higher higher and vocational education, school graduates should undergo annual assessment and state final certification (except in cases of exemption from state final attestation) by external form of education in authorized general secondary education institutions.

The entrant can apply to the Centers, including by e-mail or other communication channels determined by the Centers, indicating the possible date of arrival to receive the Invitation to pass the state final certification and/or participate in the entrance tests for admission through the educational centers "Crimea-Ukraine" and "Donbas-Ukraine".

The number of persons from the temporarily occupied territory (except the territory of Crimea and the city of Sevastopol), including those who moved from it after January 1, 2023, and admitted (enrolled) to professional pre-higher and higher education institutions in 2023 is 794. There were 101 persons who entered professional pre-higher and higher education institutions in 2023 from Crimea and the city of Sevastopol.

On November 21, 2023, Law of Ukraine No. 3482-IX amended Article 7 of the Law of Ukraine "On ensuring the rights and freedoms of citizens and the legal regime in the temporarily occupied territory of Ukraine" granting persons who resided in the temporarily occupied territories an opportunity to obtain or continue obtaining a certain level of education with local budget funding (alongside with state budget).

The Law of Ukraine No. 3482-IX supplemented the Law of Ukraine "On Education" with a new Article 40-1 regarding the special recognition of the results of education of persons who lived in the temporarily occupied territory of Ukraine.

Education of national minorities

Following Enlargement Package 2023 Ukraine takes efforts in preparing Ukraine's education and research for EU integration. In terms of education it implies implementation of the recommendations of the Council of Europe's Venice Commission on the 2017 Education Law as well as those from VC opinions of June 2023 and October 2023, namely ensuring equal access to education to persons belonging to national minorities of Ukraine.

The respective Law of 8 December, 2023 No. 3504-IX was adopted by the Verkhovna Rada of Ukraine specifying modalities of using state and minority languages for teaching and learning. In particular, in classes (groups) with instruction in the languages of national minorities, which are the official languages of the EU, the right to use the language of the respective national minority in the educational process alongside the state language is guaranteed.

Moreover, in abovementioned classes (groups) it is mandatory to use the state language as a language of instruction in basic school only for educational subjects (integrated courses) related to the study of the Ukrainian language, Ukrainian literature and history of Ukraine. In upper secondary school a list of courses to be mandatory taught in Ukrainian includes also the Defense of Ukraine course.

Following the Law adoption a Roadmap for improving the education quality in the state language and languages of indigenous peoples and national minorities (communities) in general secondary education institutions of Ukraine for 2023-2027 was developed by the Ministry of Education and Science of Ukraine (approved by the Ministerial order of February 14, 2024 No. 178). The Roadmap includes four areas as follows: improvement of the regulatory framework, creating conditions to improve the quality of instruction in the state and minority languages, trainings for preschool and school teachers in groups or classes with indigenous people of minorities languages of instruction, continuing consultations with representatives of indigenous people and national minorities on education matters etc.

In 2024, the translation of National Multidisciplinary Test (NMT) in the languages of national minorities for graduates of general secondary education institutions will be provided. It is planned to translate tests on the history of Ukraine, mathematics, biology, chemistry, geography and physics for those entrants who received general secondary education in the languages of national minorities, in particular, Hungarian, Polish, Romanian, and Crimean Tatar languages.

Digital tools for improving teaching and learning

In wartime the challenges regarding the provision of quality online education have become particularly acute, as a significant number of educational institutions simultaneously shifted to distance learning due to the unfavorable security situation. The Ministry of Education and Science of Ukraine is actively working on ensuring the continuity of the educational process and the development of the digital ecosystem of education and science.

The All-Ukrainian online school has been operating since November 2020. This e-learning platform offers more than 80 subject courses for students of grades 5-11, consisting of 3,500 lessons. It also provides primary and secondary diagnostic tests, demo tests, and practice tests for the National Multidisciplinary Test (which is a higher education entrance examination). Currently, the platform has 744,000 users.

The application «Can`t Wait to Learn» for children of grades 1-4 was developed currently having 63 694 active users and informative educational

gamified video lessons.

As of March 2024, a network of 233 digital educational centers (DLCs) is being established – safe learning spaces aiming to provide catch-up learning, psychological support services, access to distance learning, and professional development for the educational process participants.

Continuous collaboration in providing Ukrainian educators with free access to education platforms Coursera, Labster, Udemy, EdX, etc. is ongoing. Currently, Coursera offers 8,845 courses available for free with machine translation into Ukrainian having 57,094 registered users. Udemy provides over 22,317 courses with 32,183 registered users. Additionally, 111,257 free licenses of Zoom Large Meeting have been distributed.

The Ministry of Education and Science of Ukraine works with international partners to support Ukraine in providing devices for children and teachers from vulnerable groups to give them access to the educational process. Totally 175,862 units of computer equipment have been delivered. To track the provision of relevant devices to participants in the educational process, with a public dashboard created to ensure transparency of distribution received and learn on the assistance provided (<https://lookerstudio.google.com/u/0/reporting/d156064e-81a3-4df1-b0ca-ed8132731e5f/page/kxPID>).

• What are the special facilities and provisions, at all levels and sectors of education, for persons with special needs; both in terms of physical facilities and teaching/learning methods, and how are they implemented?

Ukraine ensures the organization of inclusive education at all levels of education in accordance with the Procedure for the organization of inclusive education in preschool institutions, approved by the Cabinet of Ministers of Ukraine on April 10, 2019, No. 530

During the martial law, the Ministry of Education and Science of Ukraine has recommended to local self-government bodies to carry out the following measures to coordinate inclusive learning in the preschool education sector:

Adjusting the composition of preschool education institutions based on the demographic situation in the region, as well as educational needs and requests of the population.

Preserving the network of special groups within preschool education institutions.

Opening groups for short-term stays of children, day-off groups, and evening groups.

Ensuring safe conditions for all participants of the educational process by recommending reducing the number of children in groups (up to 10 for early childhood, up to 15 for preschool age), implementing a flexible working schedule for preschool education institutions (from 2 to 12 hours), and providing various

forms of organizing the educational process (face-to-face, blended, distance learning).

At the same time, priority issues for preschool education institutions include creating a safe, comfortable, inclusive environment for all participants of the educational process, as well as improving the quality of educational activities provided by preschool education institutions.

As of March 15, 2023, there are 4,645 inclusive groups operating in preschool institutions in Ukraine, with a total of 8,161 children enrolled. As of April 15, 2024, there are 6,708 inclusive groups operating in preschool institutions in Ukraine, with a total of 12,455 children enrolled.

In the school education sector, organization of inclusive education is ensured in accordance with the Procedure for the organization of inclusive education in general secondary education institutions, approved by the Cabinet of Ministers of Ukraine on September 15, 2021, No. 957. As of March 15, 2023, there are 25,519 inclusive classes operated in general secondary education institutions in Ukraine, with a total of 34,581 students enrolled. As of April 15, 2024, there are 29,869 inclusive classes operating in general secondary education institutions in Ukraine, with a total of 41,412 students enrolled.

More information is provided under the item “Equal access: ...”.

As of January 2024, the number of students with special educational needs enrolled in inclusive groups of vocational education and training institutions is over 700.

The Ministry of Education and Science of Ukraine and the Finnish Centre of Expertise for Education and Development (FinCEED) have implemented the project "Support for Inclusive Education in VET Institutions in Ukraine". The project was implemented from October to December 2023 with the support of the Government of Finland. The project conducted a survey and analyzed information on the organization of education for people with special educational needs (people with disabilities) in VET institutions of Ukraine. The Ministry of Education and Science of Ukraine has developed a Roadmap for the Development of VET for Persons with Disabilities and Other Low-Mobility Groups.

In 2023, during the admissions campaign to higher education institutions 3,009 persons were enrolled who are persons with disabilities of the I, II groups and children with disabilities under the age of 18 who are not contraindicated to study in the chosen specialty.

Persons with disabilities due to war, in accordance with Article 7 of the Law of Ukraine "On the Status of War Veterans, Guarantees of Their Social Protection", as well as persons with disabilities who are unable to attend an educational institution (on the recommendation of public health and social protection authorities) have the opportunity to take advantage of the special terms of admission to study with the state financing in the form of enrollment on the basis of a positive assessment of the interview and creative competition. Under the same conditions could enter to the

HEIs persons who, according to the decision of the regulatory commission at the regional center for the assessment of the quality of education, were refused registration for participation in the national multidiscipline test by the decision of the admissions committee, or they were refused registration for participation in the joint entrance test for admission on master's programs due to the impossibility of creating special (special) conditions (provided that a copy of the medical report is entered in the physical person's card. The same rules will be used for the admission in 2024.

Due to the difficulty of providing special conditions for access to shelters during air raids, it is difficult to provide adequate conditions for taking independent tests in temporary examination centers. So, persons with special educational needs often use the specific availability for the admission to HEIs.

• What are the provision and organisation of initial education and continuous professional development for teachers? To what degree are the programmes ready to train teachers for student-centred learning and competence-based learning? Are there any provisions for alternative paths to the teaching profession or diversification of teaching careers?

Initial education by specialties 013 Primary education, 014 Secondary education (by subject specialties), 015 Vocational education, 016 Special education is provided. Education takes place according to educational programs prepared in accordance with the approved standards of higher education for the levels of professional junior bachelor, junior bachelor, bachelor, master, doctor of philosophy. Almost all standards have been developed and approved. All programs must provide for ensuring compliance with student-oriented learning in the educational process.

The Ministry of Economy of Ukraine approved the Order of the Ministry of Economy of Ukraine No. 2736 dated 23.12.2020 professional standard for the professions "Teacher of primary classes of a general secondary education institution", "Teacher of a general secondary education institution", "Teacher of primary education (with junior specialist diploma)". The professional standard embodies a modern approach to determining the list and description of general and professional competencies of a teacher. General competencies include civic, social, cultural, leadership and entrepreneurial. The list of professional competencies includes: language and communication skills; subject-methodical; information and digital; psychological, etc.

For the professions "Teacher of primary classes of general secondary education" a necessary requirement is the presence of a specialized junior bachelor's diploma (subject to completion of studies to obtain a full higher education) - 5th level of the NQF, junior bachelor's diploma (junior specialist) - 5th level of the NQF, bachelor's diploma (6 NQF level), master's degree - 7 NQF level. For the profession "Teacher of a general secondary education institution", the requirement is a

bachelor's degree (level 6 of the NQF), a master's degree. For the profession "Teacher of primary education (with a diploma of a junior specialist) a diploma of a junior bachelor, level 5.

For the abovementioned professions, a person can undergo training in the field of knowledge 01 Education/Pedagogy, as well as in the specialties of other fields of knowledge for the training of higher education seekers (with the assignment of professional qualifications).

Programs of pre-service teacher training are those of special state support at the admission university campaign, which in 2023 provided entrants with opportunity to be enrolled without taking entrance examinations (inter alia, National Multidisciplinary Test) if entering on terms of paid tuition. In 2024 taking entrance examinations is mandatory but the state provides for universities guaranteed budget-funded places in 61 specialties (i.e. teacher training) which is of high priority and the number of budget-funded places is defined in advance. The distribution of places is carried out by special procedure according to the HEIs' requests.

Persons who do not have pedagogical activities and are accepted for the position of teacher during the first year of work undergo a pedagogical internship (at the place of work).

Teacher professional training programs approved by the Ministry of Education and Science of Ukraine have been updated: a model training program for teachers and managers (directors) to create a safe and healthy educational environment of the educational institutions (order of the Ministry of Education and Science of Ukraine dated September 6, 2023 No. 1091) URL: https://rada.info/upload/users_files/44950214/c61ea0756816279017010834e946bef0.pdf

The draft Procedure for providing professional support and assistance to pedagogical staff (supervision) in the field of general secondary education has been developed. The supervision procedure was approved by the order of the Ministry of Education and Science of Ukraine dated January 5, 2024 No. 9. The effect of the Supervision Procedure applies to pedagogical personnel who provide the educational process in general secondary education institutions, regardless form of ownership and management.

A new version of the Regulation on the pedagogical staff attestation has been prepared. It improves the procedure for conducting the attestation of teaching staff, eliminates the contradictions that exist in the current version, and ensures the right of teaching staff to undergo attestation, guaranteed by the legislation of Ukraine.

In 2023, a voluntary teacher certification of Ukrainian language and literature teachers, mathematics teachers who implement the State Standard of Basic Secondary Education in the first cycle took place. In 2023, 456 teachers of Ukrainian language and literature, 447 teachers of mathematics registered to participate. The first stage of certification (independent testing) took place on September 9, 2023. 398 teachers of Ukrainian language and literature, 180 teachers of mathematics

successfully passed independent testing. 398 teachers of Ukrainian language and literature, 180 teachers of mathematics took part in the second stage of certification. The second stage took place in the EvaluEd information and analytical system. 395 teachers of Ukrainian language and literature, 179 teachers of mathematics were admitted to the third stage of certification.

To implement the third stage of certification in September 2023, the selection and training of candidates for experts was organized. Based on the results of training and successful testing, candidates for experts received certificates of professional development and were involved in the study of the practical experience of certification participants - teachers of the Ukrainian language and literature (569 people), mathematics teachers (324 people). In total 341 teachers of Ukrainian language and literature, 161 teachers of mathematics passed the certification procedure.

In 2024, 592 teachers of Ukrainian language and literature, 506 teachers of mathematics, 1423 teachers of primary classes registered to participate in the certification. In March 2024, the first stage of certification of Ukrainian language and literature teachers, mathematics teachers, and primary school teachers took place. 473 teachers of Ukrainian language and literature, 187 teachers of mathematics, 776 teachers of primary classes successfully passed independent testing.

For the implementation of the third stage of certification in March 2024, the selection and training of candidates for experts was organized. 999 teachers of the Ukrainian language and literature, 725 mathematics teachers, and 1756 primary school teachers can be involved in the study of the practical experience of certification participants. In 2024, the certification of teachers in the field of history and civic education, the field of «Social studies» will begin with 463 history and civics teachers registered.

• Are teacher shortages currently observed? If yes, how severe is the problem? Does it affect the whole country or certain geographical areas in particular? If the latter, which? Are shortages observed by level of education and/or subject?

At present, all preschool education institutions in Ukraine are staffed with teaching personnel at a rate of 90.2%. However, the preschool education system requires practical psychologists who provide psychological services, as well as social educators.

Data on the shortage of school teachers is not collected centrally. Meanwhile, local educational authorities report having up to 4,870 vacant school teacher positions in functioning educational institutions in 2023. Shortages are caused mostly by migration and internal displacement due to the war and gradual retirement of the teaching staff.

Attracting qualified teaching staff to work in the de-occupied territories of

Ukraine remains another connected issue. So a tailored policy is in place aimed at forming a personnel reserve to ensure prompt response and timely staffing of educational institutions that will resume work in the de-occupied territories.

Resolution No. 1112 of the Cabinet of Ministers of Ukraine dated 17.10.2023 approved the Procedure for the formation of a personnel reserve of employees to work in educational institutions in the de-occupied territories of Ukraine, which defines respective regulatory requirements aimed at ensure post-war restoration of the system education in regions where active hostilities took place and which were temporarily occupied by the aggressor country.

The policy implementation will make it possible to provide educational institutions that will resume their work in the de-occupied territories with pedagogical, scientific and pedagogical personnel, managerial and administrative personnel. It will also ensure the employment of workers who lost their jobs due to hostilities, the return of forcibly displaced persons to the de-occupied territories, and providing them with jobs.

As a result of the full-scale russian invasion of Ukraine, VET teacher shortages are observed in Donetsk, Luhansk, Kherson and Zaporizhzhia regions due to the suspension of VET institutions. Data on this issue is not collected.

Due to the academic and personnel autonomy granted to universities, data on the shortage of academic staff is not collected centrally.

• Please provide information on participation in ongoing and upcoming rounds of international tests (PISA, TALIS, TIMSS, PIRLS, ICILS and ICCS), the most recent results as well as if and what initiatives/measures have been undertaken to address the respective findings. (NON-ESSENTIAL)

The PISA 2022 results for Ukraine reveal that a lower percentage of students reached baseline proficiency Level 2 in mathematics, reading, and science compared to the average for OECD countries. Specifically, only 58% of Ukrainian students attained the baseline level in mathematics, 59% in reading, and 66% in science. In contrast, the average for OECD countries shows that 69% of adolescents reached Level 2 in mathematics, 74% in reading, and 76% in science. Ukraine did not take part in other international education surveys including TALIS, TIMSS, PIRLS, ICILS and ICCS.

In 2023, the National Report on the results of the international study of the quality of education PISA-2022 was prepared and issued. This report was prepared in Ukraine with the assistance of the Organization for Economic Co-operation and Development (OECD). The OECD helped in developing the structure of the report, provided data and comprehensive support in its creation. On December 5, 2023, the presentation of the National Report took place.

The publication is addressed to a wide range of educators, primarily education policymakers, education managers, heads of educational institutions, as well as

pupils / students, their parents and the general public interested in the development of national education.

In 2024, the Order of the Ministry of Education and Science of Ukraine No. 3 of January 2, 2024 approved the Action Plan for the implementation in 2024 of the international study of the quality of education PISA-2022 and the international study of the quality of education PISA-2025. Regional PISA-2025 coordinators were appointed.

Work is underway to form the sample of PISA-2025 participants for the pilot stage (planned for April-May 2024) and actions to form the sample of the PISA-2025 main survey. Other actions anticipate translation, adaptation and coordination of test tasks and instructional materials for the pilot and main stages of PISA-2025:

The results of the participation of Ukrainian teenagers in the PISA-2022 study are used by the Ministry of Education and Science of Ukraine as guidelines for:

development of public educational policy;

measures for teachers professional development at advanced training courses, seminars, webinars, meetings of professional communities for discussion;

use by school teachers when implementing competence-based approaches in teaching;

development of programs and educational materials within New Ukrainian School reform (NUS).

• *What are the provisions of green and digital skills in curricula at primary, secondary, VET and tertiary education? Are they present in current or upcoming sectoral reforms? To what extent are teachers equipped to increase green and digital knowledge and competencies and implement the new curricula?*

In the school education sector the solution to the problem of the formation of an ecologically conscious society is determined by the basic policy documents. The concept of the New Ukrainian School (2016) defines ecological competence as one of the key ones, which involves not only awareness of the ecological foundations of nature use, understanding the context and interrelationship of economic activity and the importance of nature conservation for ensuring the sustainable development of society, but also the development of skills of ecological culture, active activities for protection, care and optimization of the state of the environment, in particular the native area, propaganda within the broadest limits of ecological knowledge.

On the level of general secondary education, the achievement of the above-mentioned tasks is facilitated by an interdisciplinary integration approach, systemic and continuity of environmental education in institutions of general secondary education.

The key subjects in the formation of environmental competences are the subjects of the natural educational field: integrated courses "Getting to know nature",

"Environment", "Natural sciences" (grades 5-6), biology, geography, physics, chemistry (grades 7-9), biology and ecology (10-11 grades). In educational/model curricula, socially significant extracurricular topics are separated into cross-cutting content lines common to all elementary subjects.

In order to implement the content line "Environmental safety and sustainable development", educational/model educational programs were updated in 2023 for grades (7-9) New ukrainian School and have introduced ecological topics such as: "Learning in nature and taking care of its preservation", "Organisms and the living environment", "Supraorganism biological systems", "Biodiversity", "Adaptations", "Ecology", "Sustainable development and rational use of nature", "Prevention of environmental pollution when using organic substances in everyday life", "Interaction of society and nature", "Global problems of humanity", which, together with a wide range of research works, projects, excursions, environmental protection activities, are aimed at rethinking, designing, realizing the need for ecological self-realization of students, their ability to predict the results of their own environmental actions.

No other relevant developments during the reporting period.

As of January 2024 in the field of energy efficiency and energy saving in VET sector:

4 training programs were developed for construction sector, on their basis 162 training plans were updated;

5,018 people were enrolled in construction professions (2,788 people (55%) of them were involved in the development of energy efficiency competencies);

didactic and teaching materials were developed for the following programs: Advanced thermal modernization systems for facades and buildings - 442; Installer of window and door structures - 277; Insulator of thermal insulation - 85; Installer of flat roofs - 33; Heat pump installation specialist - 41; Installation of solar photovoltaic systems - 38;

280 teaching staff were trained in professional skills;

326 people (including 248 men and 78 women) were involved in short-term training programs for adults and unemployed people.

No other relevant development during the reporting period.

• Please provide sex-disaggregate data on enrolment in STEM (science, technology, engineering, mathematics) education at secondary, tertiary levels as well as in VET

The share of female students enrolled in 2023 in the STEM specialties (09 – 19 fields of knowledge in UA) in higher education is 17,6%, that is 7% for Junior Bachelor, 20% for Bachelor and 13% for Master's level. The share of enrolled females on the professional pre-higher level of education on the STEM is 21%.

The share of female students enrolled in 2023 in the STEM specialties that expands on the fields of Agricultural sciences and food, Military science, national security, security of the state border, National Security, Civil Security, some subject specialties and specializations of STEM in 01 field of knowledge in higher education is 17,5%, that is 7% for Junior Bachelor, 19% for Bachelor and 15% for Master's level. The share of enrolled females on the professional pre-higher level of education on the STEM is 18%.

Data on studying in STEM (science, technology, engineering, mathematics (09 – 20, 25-27 fields of knowledge, some subject specialties and specializations of STEM in 01 field of knowledge)) education, as of 01 January 2024

	Professional Junior Bachelor (pre-higher education)		Junior Bachelor		Bachelor		Master		PhD	
	male	female	male	female	male	female	male	female	male	female
Number	1532 57	35237	660	91	2502 13	76956	8427 9	16887	1392 9	2447
Share	0,81	0,19	0,87	0,13	0,76	0,24	0,83	0,17	0,85	0,15

Data on studying in STEM (science, technology, engineering, mathematics - (09 – 19 fields of knowledge) education, 1 January 2024

	Professional Junior Bachelor (pre-higher education)		Junior Bachelor		Bachelor		Master		PhD	
	male	female	male	female	male	female	male	female	male	female
Number	98410	26287	388	58	1738 05	52420	5919 1	9933	1166 2	2046
Share	0,79	0,21	0,87	0,13	0,77	0,23	0,86	0,14	0,85	0,15

- *What are the existing possibilities for VET students to continue their studies in tertiary education? What are the links between VET and higher education institutions?*

No other relevant policy developments took place during the reporting period.

- *What are the identified skills mismatches (horizontal/vertical) for the labour markets? What are the responses from the educational systems to meet current and future skills needs?*

According to the data of the employer survey “LABOUR MARKET OF UKRAINE 2023-2024: state, trends and prospects”, provided in 2024 by Helvetas Swiss Intercooperation, State Employment Service of Ukraine, Federation of Employers of Ukraine, the Occupational composition of employees hired in 2023 clearly demonstrates the increased demand for workers in vocational professions in most sectors of the economy. The very low share of employees hired as managers is striking. Workers in the professionals’ group accounted for a significant share of employment in the Information, Science, Health Care and Arts sectors.

Professional groups of skilled tool workers and machine and equipment maintenance workers, which during the growing years were most in demand on the labour market, were the majority in the industrial sectors, as well as in agriculture and transport.

The majority of trade and service professions are traditionally in demand in the trade and hotel and restaurant service sectors. There is also a relatively small number of the simplest professions in the total number of employed workers, and at the same time a significant number of them are needed in certain sectors of the processing industry, water supply, real estate, and administrative services.

Taking into account the breakdown of employees, which were adopted during 2023, the groups of professions of Sellers, Drivers, as well as the Simplest professions are the most in demand. Their share in the total structure of hired employees is more than 30%.

The most in-demand occupations and skills and expertise by types of economic activity are as follows:

1) Agriculture, Forester and Fishing (skills and expertise: Responsibility, Attentiveness, Teamwork, Work with equipment, Work with the tool, Stress resistance, Ability to learn, Work with documents, Focus on the result, Computer skills);

2) Mining and Quarrying (skills and expertise: Responsibility, Attentiveness, Work with equipment, Work with the tool, Teamwork Stress resistance, Ability to learn, Work with documents, Knowledge of relevant regulations, Computer skills);

3) Processing Industry (skills and expertise: Responsibility, Attentiveness, Work with equipment, Teamwork, Work with the tool, Ability to learn, Stress resistance, Focus on the result, Computer skills, Work with documents);

4) Energy Industry (skills and expertise: Responsibility, Attentiveness, Work with equipment, Work with the tool, Teamwork, Stress resistance, Ability to learn, Knowledge of relevant regulations, Work with documents, Computer skills);

5) Water Supply (skills and expertise: Responsibility, Attentiveness, Work with the tool, Work with equipment, Teamwork, Stress resistance, Work with documents, Ability to learn, Computer skills, Communication skills);

6) Construction (skills and expertise: Responsibility, Attentiveness, Work with the tool, Teamwork, Work with equipment, Stress resistance, Work with documents, Ability to learn, Work with technical documentation (drawings, diagrams), Focus on the result).

According to the results of the survey, enterprises in 2023 most actively provided personnel training in the sectors of Health Care, Energy, Mining, Finance, and Processing industries.

The most common forms of providing personnel training are workplace training (46.5%), training for new employees (22.9). The significant importance (12%) of qualification confirmation in qualification centres.

In Ukraine a network of qualification centers has been created, which evaluate and recognize learning outcomes obtained by individuals through formal, informal or informal education, assign and/or confirm relevant professional qualifications, and recognize relevant professional qualifications obtained in other countries.

As of 31 March 2024, there are 71 qualification centers (of which more than 10 work on the basis of enterprises), providing validation of 210 unique professional qualifications. 2,550 certificates on recognition of professional qualification were issued.

The most demanded professional qualifications are: Cook, Confectioner, Electric gas welder, Locksmith repairing wheeled vehicles, Electrician for repair and maintenance of electrical equipment, Dressmaker, Turner.

To respond to the labour market demand the Ministry of Education and Science of Ukraine continues to update Vocational education and training by implementing state standards for specific working professions on a module-competency basis. Approved state standards are implemented in VET institutions independently of their form of ownership, at enterprises, institutions and organizations that provide training of skilled workers. For the reporting period MoES has updated 26 VET standards.

• Which measures have been implemented to increase the independence and transparency of education institutions and Quality Assurance agencies?

Ensuring the procedure of accreditation of educational and professional programs in the field of professional pre-higher education during wartime is entrusted to the State Service of Education Quality of Ukraine.

In order to ensure state regulation of payments for paid services of accreditation examination of educational and professional programs of professional pre-higher education and the procedures for registration, re-registration, and issuance of duplicate certificates on accreditation of educational and professional, educational programs, areas and specialties, the Order of the Ministry of Education and Science of Ukraine of August 01, 2023 № 925 was issued, which entered into force on October 17, 2023.

The procedure of post-accreditation monitoring of educational programs, which were conditionally accredited during wartime, has been started to identify problematic issues of the activities of educational institutions under martial law and to implement timely preventive measures, taking into account the changes to the Regulation on the accreditation of educational and professional programs of professional pre-higher education, introduced by order of the Ministry of Education and Science of Ukraine dated 16.01.2024 № 44.

A number of measures were taken during the reporting period to increase the independence and transparency of the National Agency for Higher Education Quality Assurance (hereafter NAQA).

In particular, in accordance with the Order of the Ministry of Education and Science of Ukraine No. 1551 dated December 21, 2023, the Regulation on the Appeals Chamber of the National Agency for Higher Education Quality Assurance was approved.

In accordance with the Resolution of the Cabinet of Ministers of Ukraine dated March 5, 2024 No. 244, the Procedure for formation, reissuing, issuing, storing and registration of certificates on accreditation of study programmes and forms of such certificates was approved.

In accordance with the Resolution of the Cabinet of Ministers of Ukraine No. 71 dated January 23, 2024, changes to NAQA Statute were made.

In accordance with Resolution of the Cabinet of Ministers of Ukraine No. 376 dated April 2, 2024, the amendments were made to the paragraph 2 of the Resolution of the Cabinet of Ministers of Ukraine No. 567 dated July 27, 2016 "Some issues of the activities of the National Agency for Higher Education Quality Assurance". According to the Resolution, the maximum number of NAQA employees was approved in the amount of 92 people.

The new edition of the Regulation on Accreditation of Study Programmes passed public discussion and approval by the Ministry of Education and Science of Ukraine. The Regulation is currently on approving by the Ministry of Finance of Ukraine and the Ministry of Digital Transformation of Ukraine.

In accordance with the Order of the Ministry of Education and Science of Ukraine No. 425 dated 29.03.2024, a working group on development of proposals for improving the mechanism of recognition of certificates (official decisions) on the accreditation of study programmes issued by foreign accreditation agencies or higher education quality assurance agencies was formed. This working group

includes NAQA representatives.

On February 14-15, 2024, NAQA reported on the results of the implementation of the National Action Plan on Ukrainian external higher education quality assurance for 2022-2023 period at the reporting meeting with ENQA and EQAR management.

NAQA works on the development of the National Action Plan on Ukrainian external higher education quality assurance for 2024-2025 to fully comply with the Standards and Guidelines for Quality Assurance in the European Higher Education Area (ESG).

• Indicate the level of protection for fundamental academic values, including academic freedom, institutional autonomy, student and staff participation in institutional governance

On March 11, 2024, the draft Law of Ukraine on Amendments to the Law of Ukraine "On Higher Education" regarding the expansion of the rights of student self-government bodies and ensuring the rights of students of higher education, (reg. No. 10279) approved on the first reading by the Verkhovna Rada of Ukraine. The bill proposes to strengthen the rights and opportunities of higher education applicants and student self-government bodies in higher education institutions, in particular:

grant the right to post-graduate students, doctoral students, adjuncts, trainee assistants, intern doctors (pharmacists), and resident doctors to participate in the formation of academic councils and public self-government bodies, as well as in the elections of heads of higher education institutions;

increase the quota of students in academic councils of higher education institutions;

foresee the need to include representatives of higher education students in the working and advisory bodies of the higher education institution on issues related to the educational process and/or higher education students;

provide that the decisions of student self-government bodies, made within their competence, do not require approval, approval or implementation by the head, public self-government bodies and/or other management bodies of the higher education institution;

establish that student self-government bodies not only protect the rights and interests of students, but also promote their realization;

provide for the right of student self-government bodies to make proposals to educational programs.

No other relevant policy developments took place during the reporting period.

• *What are the current opportunities and programmes available for adult education, upskilling, reskilling programmes? What is the participation rate of adult in those programmes?*

In 2023, short-term courses were organized for adults (including internally displaced persons) to obtain partial qualifications. Over 1,000 people have already been trained, 30% of whom have been employed. International partners, as well as other partners, help VET institutions to organize such courses (purchase of consumables, payment for teachers, on-the-job mentors, etc).

According to Article 30 of the Law of Ukraine "On Employment of the Population" and Resolution No. 207 of the Cabinet of Ministers of Ukraine dated March 20, 2013 "On approval of the Procedure for Issuing Vouchers to Maintain the Competitiveness of Certain Categories of Citizens in the Labour Market" in order to promote the competitiveness of citizens in the labour market, a training voucher is issued. The program can be used by: persons over the age of 45, internally displaced persons, combatants, discharged from military service, persons with disabilities, persons who suffered as a result of war, persons who were deprived of personal freedom as a result of war.

The "Voucher for training" program provides an opportunity to undergo retraining in a labour profession; training in a specialty to obtain a master's degree based on a bachelor's or master's degree obtained in another specialty; training at the next level of education (except for the third (educational-scientific / educational-creative) and scientific level of higher education); specialization and advanced training in professions and specialties in educational institutions of various levels.

In 2023, in accordance with the needs of employers, the list of professions and specialties for which a voucher can be issued was changed, so the list was expanded from 75 to 124 professions/specialties, in particular in the field of IT technologies, construction, transport, education, medicine, rural of the economy, social services and demining, which was approved by the order of the Ministry of Economy of Ukraine dated April 11, 2023 No. 2040.

In 2023, the technology of issuing vouchers and the work of specialists of the State Employment Service was changed, in particular, the possibility of submitting an online application for receiving a voucher on the official website of the State Employment Service was implemented, which made it possible to issue a voucher to 18,1 thousand people. In the first quarter of 2024, 5,8 thousand people received vouchers.

Vocational training of the unemployed

In accordance with Article 35 of the Law of Ukraine "On Employment of the Population", Resolution of the Cabinet of Ministers of Ukraine dated 21.03.2023 No. 264 "On Approval of the Procedure for Vocational Training, Retraining and Upskilling of the Registered Unemployed", the employment of the registered unemployed is facilitated through vocational training at the order of the employer or self-employment, carrying out entrepreneurial activities, ensuring the current and

future needs of the labour market, taking into account the wishes and professional needs of the unemployed, which is organized by employment centers, in particular in vocational (vocational and technical) education institutions of the State Employment Service, at enterprises, institutions, organizations regardless of form ownership, type of activity and management, directly to employers - customers of personnel at the expense of the funds of the Fund of mandatory state social insurance in case of unemployment.

In 2023, 32,9 thousand registered unemployed people underwent vocational training, of which 19,6 thousand people studied at vocational and technical education centers of the State Employment Service.

From January to April 1, 2024, 12 thousand unemployed people underwent vocational training, 7 thousand of them at the Vocational and Technical Education Centers of the State Employment Service.

An experimental project on the organization of professional training for combatants and persons with disabilities as a result of the war

Resolution No. 984 of the Cabinet of Ministers of Ukraine dated September 15, 2023 "On approval of the Procedure for the implementation of an experimental project on the organization of vocational training of combat participants and persons with disabilities as a result of the war in vocational (vocational and technical) education institutions of the State Employment Service" introduced a program to facilitate the adaptation and employment of combat participants actions and persons with disabilities as a result of the war, regardless of the level of education and professional experience, who have the opportunity to undergo training, retraining, advanced training at the Vocational and Technical Education Centers of the State Employment Service.

In the structure of the State Employment Service, there are currently 8 fully functioning vocational and technical education centers (Dnipropetrovsk, Poltava, Kharkiv, Odesa, Lviv, Rivne, Sumy, Ivano-Frankivsk), which carry out educational activities in 95 labour professions and more than 400 educational programs of advanced training .

During training, free accommodation is provided for both the person himself and an accompanying person in the case of training of a person with a disability, as well as compensation for travel expenses and medical examination.

With the help of the web page located on the website of the State Employment Service, it is possible to apply for training at centers of professional and technical education in an online format, choosing a profession or educational program, the list of which is posted on the website of the State Employment Service.

In 2023, 98 people underwent such training, including 6 people with disabilities as a result of the war. In the 1st quarter of 2024, 584 people were/are being trained, including 546 combatants and 38 people with war-related disabilities.

• *What, if any, are the national strategies encompassing one or several of the following fields: youth employment and youth entrepreneurship, non-formal education of young people, creativity, youth participation, health / well-being of young people, social inclusion of youth, youth volunteering? More specifically, please provide information on the measures to develop the quality of non-formal and informal education and to recognise its outcomes*

The Ministry of Youth and Sports of Ukraine is implementing the National Youth Strategy until 2030, which was elaborated in line to the conceptual approaches of the EU youth strategy includes following priorities:

safety - improving the safety of the environment and strengthening the resilience of young people;

health - formation of healthy lifestyle skills, development and preservation of physical culture, healthy eating habits and psychohygiene;

capability - involvement of young people in public life, increasing their independence, competitiveness, and developing civic competencies;

integration - increasing mobility, social and cultural integration of young people into the public life of Ukraine and the world.

The fundamental legislative act of state youth policy is the Law of Ukraine «On the Basic Principles of Youth Policy». According to the Law, youth policy is a direction of state policy aimed at creating socio-economic, political, organizational, legal conditions and guarantees for the socialization and integration of children and youth into social processes carried out in the interests of children and youth and with their participation.

The state programming document aimed at solving youth issues at all levels of government is the State Targeted Social Program «Youth of Ukraine» for 2021-2025 (approved by Resolution No. 579 of the Cabinet of Ministers of Ukraine of June 2, 2021), which defines the following 10 tasks:

- 1) increasing the level of competences of young people, in particular civic ones;
- 2) raising the level of the culture of volunteering among young people;
- 3) activation of youth involvement in decision-making processes;
- 4) strengthening of social cohesion of youth;
- 5) implementation of programs for the training of specialists who work with young people, in particular the program «Youth Worker»;
- 6) ensuring the functioning of youth centers;
- 7) promoting the creation of conditions for the development of the capacity of civil society institutions;
- 8) implementation of expert-analytical, informative and final evaluation measures;
- 9) provision of international youth cooperation;

10) support for youth projects and fulfillment of specific tasks in the implementation of youth policy.

The Government of Ukraine approved regulatory and legal documents that strengthen and regulate certain directions of youth policy:

non-formal education of youth and training of specialists who work with youth:

- Order of the Ministry of Youth and Sports of September 19, 2018 No. 4334 «On approval of the Procedure for the implementation of the program «Youth worker»»;

- Order of the Ministry of Youth and Sports of March 22, 2023 No. 1564 «On approval of the professional standard «Youth Worker».

development of the network of youth centers and youth spaces, and improvement of the quality of their activities and services provided by them:

- Resolution of the Cabinet of Ministers of Ukraine dated December 20, 2017 No. 1014 «On approval of standard regulations on the youth center and on the expert council at the youth center»;

- Order of the Ministry of Youth and Sports dated August 3, 2017 No. 3284 «On approval of the National Quality Label and Quality Criteria for youth centers»;

- Order of the Ministry of Youth and Sports dated 09.12.2021 No. 4798, «On the approval of the Recommendations on the organization of the work of the youth space»;

promotion and support of youth involvement in decision-making processes:

- Resolution of the Cabinet of Ministers of Ukraine dated December 18, 2018 No. 1198 «Standard provision on youth consultative and advisory body at the local level»;

promotion of youth mobility:

- Resolution of the Cabinet of Ministers of Ukraine «On approval of the Agreement between the Government of the Republic of Lithuania and the Government of Ukraine on the Council for the Exchanges of Youth of Lithuania and Ukraine» dated December 9, 2015 No. 1016;

- Resolution of the Cabinet of Ministers of Ukraine «On approval of the Agreement between the Cabinet of Ministers of Ukraine and the Government of the Republic of Poland on the Ukrainian-Polish Youth Exchange Council» dated 09.12.2015 No. 1017.

In accordance with the Resolution of the Cabinet of Ministers of Ukraine of February 28, 2023, No. 182 the Ukrainian Youth Foundation (hereinafter - the Foundation) was established - an institution that will provide grants for the implementation of youth projects relevant to the state and carry out specific tasks of youth policy.

The Ukrainian Youth Foundation was created based on the partnership between

the state and international organizations: the state provides funds for the Foundation and international organizations provide for grants to implement youth projects of youth work entities, which are important for the state.

The Foundation will provide budget grants for the following priority tasks:

1) involvement of youth in volunteer activities for the approach of victory and restoration of the country in the post-war period,

2) increasing the level of competences of young people through non-formal education,

3) increasing the level of economic independence of youth.

The Ministry of Youth and Sports formed a Supervisory Board of the Foundation; the government has defined the terms of payment for employees of the Foundation; the state registration of the Foundation was carried out. The Supervisory Board of the Foundation held a competition for the director position.

The Ministry of Youth and Sports, in partnership with the East Europe Foundation, is working on introducing an electronic system for the Ukrainian Youth Foundation.

The Foundation, together with international partner organizations, is developing documents to support its activities and the implementation of a competitive program «increasing the level of economic independence of youth», which is planned to be launched this year in cooperation with UNICEF and the Ministry of Education and Science of Ukraine.

• *Youth participation: Which measures are in place to ensure civic engagement and youth empowerment in line with the European Youth Strategy? Does a youth strategy exist?*

One of the priorities of the National Youth Strategy until 2030 is the involvement of young people in public life, increasing their independence, competitiveness, and developing civic competencies.

Youth participation in the formation and implementation of youth policy is ensured by taking into account the position of youth when making decisions concerning youth, in accordance with the following documents:

- Law of Ukraine No. 3718 «On the Main Principles of Youth Policy»,

- Resolution of the Cabinet of Ministers of Ukraine dated December 18, 2018 No. 1198 «Standard provision on youth consultative and advisory body at the local level»;

- Resolution of the Cabinet of Ministers of Ukraine dated September 10, 2022 No. 1011 «On approval of the Procedure for the formation and activity of the National Council on Youth Affairs and amendments to some acts of the Cabinet of Ministers of Ukraine»;

- Order of the Ministry of Youth and Sports of Ukraine dated 11.11.2021 No. 4370 «On approval of the Recommendations on the principles of activity of youth advisors»;

- Order of the Ministry of Youth and Sports of Ukraine dated 17.01.2022 No. 141 «On amendments to the Recommendations on the principles of activities of youth advisors».

The Ministry of Youth and Sports promotes and encourages the leadership of local authorities and other state bodies to support the creation of youth councils. Currently, there are 410 youth councils in Ukraine (19 at the regional level, 391 at the local level). A youth council was created under the Ministry of Foreign Affairs, it is planned to be created under the Ministry of Health and the Ministry of Economy.

In order to increase the participation of young people in the decision-making process, the Ministry of Youth and Sports closely cooperates with national youth associations, in particular, with the Association of Youth Councils, the Congress of Youth Councils, the "Youth Platform" initiative, the "Memorandum of Youth Councils" initiative. The Ministry conducts joint events with these associations aimed at improving the competences of representatives of youth councils; popularization of youth participation tools in the decision-making process at the local level; involves representatives of youth councils in the development of strategic documents related to solving youth issues.

In response to the challenges of the war, the Ministry of Youth and Sports has developed a Strategy for Strengthening Ukrainian National and Civil Identity, the priorities of which are the following:

- 1) strengthening of Ukrainian national and civic identity;
- 2) mutual support and cooperation in the formation of Ukrainian national and civic identity between executive authorities, local governments and civil society institutions;
- 3) formation of a system of personnel support in the sphere of strengthening Ukrainian national and civic identity;
- 4) promoting the development of infrastructure in the field of Ukrainian national and civic identity.

• ***What are the recent developments in the sport policy (for instance but not limited to promotion of physical activity, equality in the field of sport, sustainable and accessible sport infrastructure, cross sectoral cooperation in the field of sport, combating corruption in the field of sport)? (NON-ESSENTIAL).***

The sports sphere has suffered significant losses since the beginning of Russian full-scale aggression against Ukraine. More than 400 Ukrainian athletes and coaches were killed. Over 500 sports facilities totaling >300 mln USD were destroyed or damaged.

In 2024, the Ministry of Youth and Sports of Ukraine created and launched an online Register of the sports facilities – a system of receiving, storing, using and distributing administrative information and data about existing sports facilities in Ukraine. The tool is created with the aim of promoting the sports services, protecting the interests of consumers of physical culture and providing state authorities, local government bodies, legal entities and citizens with information about sports facilities.

Despite the difficult time of the war, the Ministry of Youth and Sport continues to work on the sports policy elaboration and implementation of projects and initiatives aimed at improving the mental and physical health of Ukrainian citizens, and rehabilitation of war-affected citizens through physical activity.

The social project «Active parks – healthy locations of Ukraine» is implemented with the aim to help various population groups, including internally displaced persons, persons with disabilities, war veterans, military personnel and their family members, in overcoming stress related to war, prevention of mental disorders, and recovery of mental health through the involvement in recreational activity.

The project provides the modern sports grounds with free access in 750 local communities, an online platform and a mobile application with materials for physical activity, as well as a professional team of 750 coordinators.

Within the framework of the social project «Active parks – healthy locations of Ukraine» 54,693 physical and recreational activities were held in 2023 with the participation of 998,309 people, including 107,490 internally displaced persons and 11,700 war veterans.

Anti-doping reform.

The topic of sport integrity, namely the issues of combating doping, manipulations, violence during sports events, and other negative phenomena in sports are among the priorities in the work of the Ministry of Youth and Sports.

The new Ukrainian antidoping legislation was adopted to bring it in line with the World Anti-Doping Code. The Ministry is working on the institutional development of the National Anti-Doping Center and the National Anti-Doping Control Laboratory, as well as on the development of by-laws for the implementation of new antidoping legislation.

The National Anti-Doping Center of Ukraine actively cooperates with the national antidoping organizations of the EU member states, particularly with Poland, to exchange the best practices in antidoping activities.

Countering the manipulation of sports competitions.

In the context of the implementation of the Council of Europe Convention on the Manipulation of Sports Competitions (the Macolin Convention) the National Platform of Sport Integrity was set up under the coordination of the Ministry of Youth and Sports, with the participation of main stakeholders of the sphere. The

website of the National Platform of Sports Integrity (www.fairsport.gov.ua) provides the possibility to report on the facts of the manipulation of sports competitions and offers awareness-raising tools for athletes.

• What is the level of interest and participation of individuals and organisations/institutions in the different Erasmus+ actions available in the fields of Higher Education, Vocational Education and Training, Youth and Sport. What has been the impact of funded projects over the past five years? (NON-ESSENTIAL)

Ukrainian organisations continue to be active in Erasmus+ Programme Actions in the new stage period of 2021-2024.

Several projects were funded with Ukraine in partnerships for youth learning mobility with participation of youth organisations as well as higher education and VET institutions, including 838 projects for youth, youth workers and active citizenship exchanges, 102 cooperation partnerships in education, training, youth and sport, 6 Virtual Exchanges projects, 7 Erasmus Mundus Actions, 223 Jean Monnet Actions winners, 3 projects for Capacity Building for VET and 32 projects teams for Capacity Building in Higher Education.

Ukrainian universities are coordinators of 10 Capacity Building and 219 Jean Monnet projects. 32 HEIs have joined 18 European Universities Alliances as associated members and implement EUA twinning initiatives within International Mobility Actions (KA 131, 171) and under support of additional local funding (e.g. NAWA) for the long term partnership. 3 projects include Ukrainian industry and HEIs as partners in Alliances for Innovations. As a result of 2021-2023 calls, 8 173 mobilities for Ukrainians staff & students recommended for funding including: 6 815 – Incoming to EU from Ukraine: Students – 4308; Staff – 2507; 1 358 – Outgoing from EU to Ukraine: Students – 277; Staff – 1081 are taking place in 2022-2024 academic years. 123 Ukrainians were funded to join Erasmus Mundus Joint Master Degree Programmes in 2021-2023 calls.

In particular, 2023 calls for proposals under Erasmus+ Actions open for Ukraine resulted into the following: 20 projects involving 109 universities and other organisations from Ukraine have been selected for funding under Capacity Building in the Field of Higher Education Action; 90 Jean Monnet projects; 3 Erasmus Mundus projects; 3 projects involving 7 VETIs and other organisations from Ukraine have been selected for funding under Capacity Building in VET Action. 3 projects involving 5 universities from Ukraine have been selected for funding under Erasmus+ Virtual Exchange Action. 3 Innovation Alliances involved Ukrainian organisations and 32 Ukrainian HEIs joined European Universities Initiative as associated partners.

In 2023, 22 Ukrainian students received scholarships to study under Erasmus Mundus Joint Masters Programmes; 1 216 International credit mobility projects with university participation from Ukraine got funding for moving of 3 563 Ukrainian

students and staff to Erasmus+ 33 Universities and 362 EU students and staff to move to HEIs in Ukraine.

In total, Ukraine has the biggest number of projects in the Eastern Partnership Region and is among the top 12 Participating Countries of the Programme. All projects are presented at: <https://erasmusplus.org.ua/en/project-database/>.

Within newly 20 selected CBHE projects in 2023 call, 109 organisations represent 7 Ukrainian HEIs as coordinators, 87 partners from Ukraine and include: 58 higher education institutions, 3 research institutions and other organisations and institutions, e.g. the Ministry of Education and Science of Ukraine, Ministry of Digital Transformation of Ukraine, National Agency for Higher Education Quality Assurance, National Research Foundation of Ukraine, Dnipropetrovsk Regional State Administration, Lviv Regional State Administration, Sumy City Council, Ukrainian Association of Students, different professional associations and NGOs. 58 universities from Ukraine are polytechnics, medical, pedagogical, arts, law, economic, agrarian, architecture, internal affairs, penitentiary and border guard services representing different cities of Ukraine. The partnerships include 7 relocated universities from the temporary occupied territories and one relocated university from the front-line area. New projects have started their work on modernisation of study programmes in energy, health, psychology, foreign languages, law, political science, fashion sectors, and greening, digitalisation and internationalization. The projects will also contribute to strengthening the cooperation between higher education systems and society.

61 CBHE projects were implemented in Ukraine during 2018-2024 and provided a significant impact at the institutional level via foreign language skills, teaching and learning methodologies and technologies, quality enhancement, international students adaptation and integration, curricula modernisation. The modernisation of the curricula in hybrid threats, journalism and mediation, engineering and transport services, modelling of cyberphysical systems, climate changes, global health, safety and quality of patients' care, occupation therapy and rehabilitation, energy, health, psychology, foreign languages, law, political science, fashion sectors, and greening, digitalisation and internationalization contributed to the education of the new cohort of professionals in these fields based on the EU best practices.

At the system level, the CBHE projects have built the new mechanisms of partnership-based governance and dual education in higher education and VET, qualifications recognition, approaches to the open science and open data development, higher education digitalization frameworks and platforms, arrangements of digitalization of economic as an element of sustainable development and the industrial transformation towards the Industry 4.0 paradigm, developed cross-domain competences for healthy and safe work as well as introduced service-learning in higher education for Ukraine's recovery. There were 43 CBHE projects ongoing in 2022-2023 under conditions of martial law however with a valuable impact on human development, curricula modernisation based on

Bologna tools and practice-oriented approach, innovative methodologies, digital technologies and infrastructure. CBHE projects develop digital platforms and install equipment for damaged and relocated universities, provide hybrid events, access to virtual labs, etc. The need for specialists equipped with modern competences based on the best practices of the EU Member States becomes even more critical to cope with the war consequences and to rebuild Ukraine and in the process of the European Integration.

From the beginning of the war, the European Commission provided the possibility to redesign activities to respond to the situation. It helped to focus the activities on key needs to support HEIs working under constant threats to support relevant capacities to implement educational process and CBHE projects: platforms and equipment for relocated universities, hybrid events, access to virtual labs etc. Thus, the creation of the Digital University (DigiUni) will provide high-quality higher education for displaced students abroad and in different regions of Ukraine on the basis of modern digital technologies, using the experience of European partners; modernisation of the curricula in hybrid threats, journalism and mediation, engineering and transport services, modelling of cyber-physical systems, climate changes, global health, safety and quality of patients' care, occupation therapy and rehabilitation, simulation medicine and scenario-based learning for emergency care, aquaculture and fisheries for green deal, eco-mining and innovative natural resources management, energy and carbon footprint, livestock production and animal welfare (CRENG, Cybphys, ClimEd, CIIMAN, WARN, DESTIN, MEDIATS, BASE, SAFEMED, UKROTHER, REHAB, SimS, AFISHE, EMINReM, UKRENERGY, SuLAWe) contributed to the education of the new cohort of professionals in these fields based on the EU best practices.

Moreover, the digital competence framework for Ukrainian teachers and other citizens have been developed with active participation of the Ministry of Education and Science of Ukraine and Ministry of Digital Transformation of Ukraine and universities are actively working on digitalization of economic as an element of sustainable development, boosting the role of HEIs in the industrial transformation towards the Industry 4.0 paradigm, cross-domain competences for healthy and safe work and capacity of universities to initiate and to participate in clusters development on innovation and sustainability principles, providing of academic freedom and inclusion through digitalization, MOOC-based micro-credentials for teacher professional development, students' personalised learning model, based on the virtual learning environment of intellectual tutoring, strengthening Universities-Communities cooperation (dComFra, DigEco, HEI4.0, Work4ce, UNICLAD, AFID, CRED4TEACH, SMART-PL).

At the national level, the projects have built the new mechanisms of partnership-based governance and standardization of vocational teacher education in Ukraine and are working on integration of dual education in higher education and VET (PAGOSTE, COOPERA). The Open Practices, Transparency and Integrity for Modern Academia contributed to the Open Science and open data development and EuroDoc, criteria of quality research activity assessment based on Open Science

principles are under creation in cooperation with the Ministry of Education and Science of Ukraine (OPTIMA, Open4UA). Qualifications recognition support for Ukrainian universities has contributed to the national documents development (QUARSU).

● *What measures have been taken to promote the Erasmus+ programme? What are the activities implemented by the National Erasmus+ Office to promote the programme including to newcomers, less experienced organisations/institutions and target groups with fewer opportunities? (NON-ESSENTIAL)*

The Ministry of Education and Science of Ukraine and the Ministry of Youth and Sport of Ukraine promote news and activities of the Erasmus+ Programme. 2 Ministries websites include Erasmus+ pages, regularly updated. The Erasmus+ pages cover the Programme description, opportunities, useful links, news etc.

The Directorate of European and Euro-Atlantic Integration is responsible for coordination of Erasmus+ Programme Activities in Ukraine at the Ministry of Education and Science of Ukraine. All Directorates are working on promotion, partnership search and capacity building for education institutions to join the opportunities. The Ministry appoints its representatives for participation in Joint and Structure Projects (Strand 3) activities in order to make projects outcomes implemented and disseminated at the system level.

The Ministry of Education and Science of Ukraine and the Ministry of Youth and Sport of Ukraine cooperate actively with National Erasmus+ Office – Ukraine (NEO – Ukraine) for Erasmus+ Programme promotion and implementation in Ukraine in the fields of school, VET, higher education, adult education, youth and sport.

During the martial law the interest in the Programme has become higher due to the additional support provided by the European Commission for solidarity with Ukraine by penning the special call for digital ecosystem capacity building, more grants for learning mobility, cooperation projects, open resources and professional platforms for school and adult education etc.

The NEO – Ukraine has been regularly implementing different types of activities to promote 33 opportunities in education, youth and sport open for Ukraine as a Partner Country (3rd Country Non Associated to the Programme). Information sessions, contact webinars and workshops, trainings provided opportunities for the capacity building of the education institutions and finding international partners to apply for the calls and to implement the projects successfully. Everyday individual and group consultations helped to make ideas into the project proposals. NEO – Ukraine website, YouTube and Facebook pages have become a valuable hub of the step-by-step guidelines, video (manuals, tutorials, events recordings) and other practical resources both for the potential and current beneficiaries on how to apply and implement projects successfully in the fields of education, youth and sport.

In 2023-2024, NEO and Higher Education Reform Experts Team – Ukraine

organised and performed events, consultations, newsletters (offline/online): 545 events, 10 200 consultations, about 590 articles and more than 300 files (materials of events and presentations of speakers in two languages (Ukrainian and English) with a reach of more than 4 800 subscribers, over 14 450 NEO Facebook followers, about 500 Facebook posts reaching more than 400 000 views, over 820 NEO YouTube subscribers with 30 videos have been uploaded, 3 promo campaigns on Erasmus+, Joint Survey vol.2 with ESN Ukraine, Ukrainian student's league, the Ukrainian Students for Freedom on Ukrainians' Students needs abroad during war in Ukraine, etc. All activities and opportunities are published openly and the information has been updated regularly on NEO website.

To support Ukrainian HEIS, VETIs and other organisations implementing Erasmus+ projects. NEO – Ukraine created and posted different video manuals, tutorials, events recordings, etc.: 2 manuals on systems of higher education and VET in Ukraine; 18 tutorials/webinars on Erasmus+ opportunities for newcomers and experienced in the field of education, youth and sports; 4 video recordings of seminars, conferences and other NEO events in Ukraine (incl. series of VET webinars and EU-UA partners contact webinar); 8 seminars/webinars/conferences/round tables with the participation HERE team, etc.

Considering war against Ukraine and common challenges with electricity and internet connection all over Ukraine, NEO- Ukraine created 11 Telegram chats for coordination of Erasmus+ project teams and newcomers in the fields of education, youth and sports with a reach of over 1 500 participants to speed up communication and provide ad hoc support within projects promotion, implementation, etc. NEO joined and was active at WhatsApp group for Vice-Rectors created by the Council of Rectors of Ukraine.

From the point of collaboration with local, regional, international state and private sector, EU programmes and projects, NEO – Ukraine team with the support of LOOQMEmedia monitoring tool collected over 4 000 news, publications and mentions of Erasmus+ in various media all over Ukraine.

During 2023-2024 NEO – Ukraine website has been running with the user-friendly interface implementing novelties for different Programme actors: inclusive approach, 3-click information search method, projects database personal accounts (updating), 2 information search trees for individuals and organisations' representatives, etc. In addition, via the NEO - Ukraine website a special section devoted to Ukraine during martial law recommendations with links to the national official government web portal has been constantly updating in both English and Ukrainian languages.

During 2023, within the framework of the «Erasmus+: Youth & Sports 2023-2024», the Ministry of Youth and Sports of Ukraine in cooperation with the National Office of Erasmus+ in Ukraine organized **an information and promotional campaign for NGOs**, consisting of webinars for familiarization and clarification of the procedure for submitting applications for participation in «Erasmus+» program, in particular:

«Registration on «Funding and Tenders Portal», «Erasmus+» and European Solidarity Corps portals» (September 6, 2023);

«Opportunities of Erasmus+ Youth KA1: call 2023» (September 8, 2023);

«Working on portals to search for partners and submit applications; Getting to know the Erasmus+ Program Guide» (September 13, 2023);

«Search for partners and preparation of the project idea» (September 20, 2023);

Additional consultations on projects, synergy, partnership (September 27, 2023).

The **Info Days of Erasmus+ Program in Ukraine** were organized on 19-21 December 2023 by the Ministry of Youth and Sports of Ukraine, the Ministry of Education and Science of Ukraine, the National Erasmus+ Office in Ukraine, the Delegation of the European Union to Ukraine, other partners. The main topics of the event were the open calls in the fields of education, youth, and sports, the priorities and requirements of key actions, the key elements of the Program, partner search and successful application form preparation.

In the framework of «Erasmus+» call for 2024, 35 calls have been opened for the participation of Ukrainian organizations as partners working in the fields of education, youth and sports with 2 new actions – Capacity Building in Youth and Sport.

On February 22, 2024, within the framework of the Erasmus+ call for 2024 Youth & Sports, with the assistance and coordination of the Ministry of Youth and Sports of Ukraine, the National Erasmus+ office in Ukraine and the European Commission, the **webinar «Erasmus+ for youth and sports: how to write successful projects for capacity building»** was organized. More than 120 representatives of youth and sports organizations, educational institutions, youth councils took part in the webinar in order to learn how to write successful projects for the development of youth and sports sectors in Ukraine.

2. CULTURE

• ***Does a Culture Strategy exist? Describe the authorities responsible for the cultural policy. How is the policy implemented?***

The long-term strategy for the development of Ukrainian culture — the strategy of reforms, which is in force today, was approved in 2016 by the Decree of the Cabinet of Ministers of Ukraine No. 119-r.

The Ministry of Culture and Information Policy of Ukraine is the main body in the system of central bodies of executive power, which ensures the formation and implementation of state policy in the sphere of culture.

On February 8, the Ministry of Culture and Information Policy of Ukraine approved the new members of the Supervisory Board of the Ukrainian Cultural Fund. Nataliya Kryvda was elected head of the UKF. She is a Doctor of Philosophy, a professor at the Department of Ukrainian Philosophy and Culture at Taras Shevchenko Kyiv National University.

The renewed UKF should become an active player in the field of cultural policy of Ukraine.

• ***What measures have been taken by the country in the context of the implementation of the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions? (NON-ESSENTIAL)***

Every four years, Ukraine submits national periodic reports on the implementation of the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions to present the progress made in protecting and promoting the diversity of cultural expressions.

The newest report on implementation of the 2005 UNESCO Convention has been submitted by Ukraine to the UNESCO Secretariat in June 2023.

The most significant measures to implement the 2005 UNESCO Convention and to achieve its goals within the last four years include:

- establishment of a regulatory framework for the sustainable development of creative industries in Ukraine,
- public funding of Ukrainian creative products and projects on a competitive basis (implemented via the Ukrainian Cultural Foundation),
- development of nationwide system of multifunctional cultural service centers,
- media reform (new media law and regulations in line with EU AVMSD),
- International cooperation in the field of audiovisual content production (<https://usfa.gov.ua/en/international-cooperation>),

- Youth Media Lab Project (<https://yml.com.ua/>),
- National project for development of digital literacy Diia.Digital Education (<https://osvita.diia.gov.ua/>)
- promotion and participation in the EU Creative Europe Program (<https://creativeeurope.in.ua/en/>) and in various Mobility Programs for Artists (<http://www.i-portunus.eu/>).

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• EU programmes: Were any measures taken/planned to promote the Creative Europe programme and enhance participation of cultural and audio-visual operators in the country?

In order to promote the Creative Europe programme in Ukraine and enhance the participation of national cultural and audio-visual operators, the Ukrainian Government with the support of the EU grant, ensured proper functioning of the National Creative Europe Desk (CED) under the umbrella of the Ukrainian Cultural Foundation.

The year 2023 has been exceptionally successful for Ukraine and Ukrainian organizations of the cultural and creative sectors for all the years of Ukraine's participation (since 2016) in the European Union program "Creative Europe".

In 2023, within the framework of the competitions of the EU program "Creative Europe", 32 organizations from Ukraine were supported, which will implement 28 projects of various scales in cooperation with partners from other countries participating in the program. The amount of grant support for Ukrainian organizations of the cultural and creative sectors for 2023 reached 4,926,004.69 Euros.

In 2023, Ukraine entered the top 5 countries with the largest number of winners of the Culture Moves Europe individual mobility competition, surpassing such countries as Belgium, the Netherlands, Poland and Portugal. 107 Ukrainian applicants were supported.

Taking into account the concrete steps taken by Ukraine to align its national legislation with Directive 2010/13/EU, Ukraine expressed its interest in full participation in the Media strand of the Creative Europe Programme in August 2023.

The Ministry of Culture and Information Policy of Ukraine kindly requested the European Commission to examine whether the updated Ukrainian media legislation meets all the conditions of Directive 2010/13/EU, as required by Article 9(2) of Regulation 2021/818 (EU).

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Information on anti-corruption mainstreaming

Chapter 26 - Education and culture: Consider corruption in school management and procurement, teacher conduct/ethics, academic violations, bribery, nepotism/ favouritism in school admissions, teacher appointments and licensing of education facilities, bid-rigging in the procurement of textbooks and school supplies, diversion of funds and equipment, teacher absenteeism.

To implement the measures of State Anti-Corruption Program for 2023-2025 the Anti-Corruption Program of the Ministry of Education and Science of Ukraine for 2024-2026 (Order dated 28 March 2024 under No. 408).

In the school education sector the Order of the Ministry of Education and Culture dated 7 February 2024 under No. 142 "On Amendments to Some Orders of the Ministry of Education and Science of Ukraine" was adopted regarding the substantive line "Civil responsibility", which includes provisions on the formation of intolerance to corruption and following virtuous strategies of behavior, establishing a culture of integrity and respect for the rule of law, preventing corruption and corruption-related offenses.

Amendments to the curriculum of the integrated course "Civil education" were made. Thus, in order to develop the skills to be intolerant towards manifestations of corruption, a separate topic 7 "Lobbying interests and corruption" has been added to section 6 "Interaction between citizens and the state in achieving public welfare" of the curriculum. As a result students of general secondary education will:

acquire knowledge about the concept of lobbying;

understand the essence of corruption and corruption-related risks;

be able to explain the causes and consequences of corruption in the economy and politics;

gain necessary knowledge about ways to overcome corruption;

be able to recognize manifestations of corruption and apply countermeasures.

The textbooks, including these topics, for general secondary education institutions were updated (Order of the Ministry of Education and Science of Ukraine dated 11 April 2023 No. 415).

The recommendations for teaching subjects in general secondary education institutions in 2023/2024 academic year imply that for the preparation of lessons it is recommended to use informational materials posted on the the Office of Integrity of the National Agency for the Prevention of Corruption, for conducting anti-corruption lessons; (letter of the Ministry of Education and Science of Ukraine dated September 12, 2023 No. 1/13749).

Course on anti-corruption topics "Adherence to anti-corruption legislation and academic integrity in the activities of educational institutions employees" was developed. Anti-corruption topics have been integrated into professional development courses for teaching, scientific-pedagogical and scientific staff

conducted by the State Institution «Scientific and methodological center for higher and pre-higher education».

In the VET selector an applicant's electronic cabinet was created in 2023: starting from July 1, 2023, applicants can submit documents for admission to VET institutions online. The list of documents to be submitted through the applicant's electronic cabinet has been defined and relevant amendments to the Typical Rules for Admission to VET Institutions of Ukraine have been adopted (Order of the Ministry of Education and Science of Ukraine No. 716 dated June, 12, 2023, registered at the Ministry of Justice of Ukraine on June 27, 2023, No. 1068/40124). In 2023 16,055 students submitted documents to VET institutions online.

According to the Law of Ukraine "On Prevention of Corruption" and the Law of Ukraine "On the Principles of State Anti-Corruption Policy in Ukraine for 2021-2025", VET institutions annually develop and approve Action Plans aimed to:

- prevent corruption that includes provisions on the necessity to take action to prevent bribery, extortion, and abuse of office status;

- pay special attention to raising moral, ethical and professional standards of behavior among VET staff;

- conduct anonymous surveys of students aimed to identify negative facts of bribery among the teaching VET staff, etc.

In order to prevent corruption and criminal acts, yearly during the admission campaign VET representatives hold the meetings with admission committee members, teachers on strict compliance with the Admission Rules and requirements of the Regulations on the Admissions Committee for VET institutions.

In the higher education sector the university discipline «Anti-corruption and Integrity» was developed by the team of the Office of Integrity of the National Agency for the Prevention of Corruption within the framework of the «Transparent Universities» project and aims to provide higher education students with systemic knowledge and understanding of the concepts of integrity and corruption.

The academic discipline «Anti-corruption and integrity» was studied by almost 1,000 students of higher education in ten institutions of higher education during the 1st semester of the 2023/2024 academic year. Its study helps students of higher education learn about the concept of corruption, anti-corruption policy of Ukraine, international experience in preventing and countering corruption, integrity and public control, etc.

Currently, the goal of the Integrity Office of the National Agency for the Prevention of Corruption is to extend this course to all higher education institutions of Ukraine.

The implementation of anti-corruption discipline in higher education institutions is provided in the State Anti-Corruption Program for 2023-2025.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ develop a plan for a relevant statistical data collection, analysis and sharing mechanism for education and training

Referring to the Arrangement for Cooperation on Education between the European Commission and the Ministry of Education and Science of Ukraine of 15 June 2023 a national Eurydice Network unit for Ukraine at the Institute of Educational Analytics started its operations in January 2024. This will contribute to ensuring proper presentation of data on the education system of Ukraine in the Eurydice Network and a deeper understanding of the EU education systems.

Aiming to analyse compatibility of Ukrainian educational data being collected with the European ones a respective agreement was reached with the European Training Foundation (ETF) to conduct this exercise within the ETF Regional Education Programme for Eastern Partnership 2024 – 2026.

Other steps to harmonize Ukrainian educational statistics with the European include a respective educational data collection in the fields of pre-school, school, extracurricular, higher education, VET and bringing the list of fields of study and program subject areas in higher education into compliance with the International Standard Classification of Education (ISCED-F 2013).

→ start implementing a plan to optimise the network of education institutions

As a need to optimise the network of education institutions involves all levels of education respective policies take place in each sector.

Ukrainian schools are founded by local communities so the central government has limited levers to influence on how the school network is built. Aiming to contribute to optimisation of school network several steps were taken as follows:

- a special subvention of a total amount of UAH 1,0 billion is to be allocated in 2024 from the state budget to local budgets to fund procurement of school buses to ensure transportation of schoolchildren and teachers to bigger and better schools. A respective procedure for funds distribution was approved by the Cabinet of Ministers of Ukraine (Resolution of 29 March 2024, No. 349);

- another subvention allocates UAH 1,5 billion for implementation of the New Ukrainian School reform to be channeled to hub and other bigger schools (a respective procedure is being developed by the Ministry of Education and Science of Ukraine);

- due to the Government decision (Resolution of 05 March 2024 No. 245) it will be forbidden to finance from educational subvention funds small schools (except for primary schools) of less than 45 schoolchildren enrolled from 01 September 2025, schools of less than 60 schoolchildren enrolled from 01 September 2026. Educational subvention is a special subvention channeled from the state budget to local budgets to fund teachers' salaries;

- another policy (with legal framework currently under development) implies relocation of general secondary schools from temporarily occupied territories of Ukraine, areas of active hostilities with suspension of their educational activities, possible reorganization and mergers, repurposing (change of type), restructuring (termination of school branches).

Given the above-mentioned incentives and respective network optimisation guidelines to be provided by the Ministry of Education and Science of Ukraine it is expected that the school network will become more relevant to the number of schoolchildren in Ukraine in line with developed regional school network plans subject to a systemic annual monitoring of the general secondary institutions network.

In the VET sector it is anticipated to provide for local and regional authorities with guidelines on building the network of VET and professional pre-higher education institutions. Their elaboration is preceded by the pilot project (approved by the order of the Ministry of Education and Science of Ukraine of 07 February 2024 No. 130) aimed at approbating approaches to building network of academic lyceums, VET and professional pre-higher education institutions in Ivano-Frankivsk, Kyiv, Lviv, Mykolaiv, Odesa, Poltava, Rivne, Sumy, Chernihiv oblasts. As of March 2024 regional procedures are currently in progress.

In the higher education sector several HEI mergers took place in late 2023 and Q1 2024. As of now merger and acquisition procedures are suspended till September while the university admission campaign takes place. For the purpose of uniform approaches and transparent policy a draft law on prerequisites for the modernization of the network of higher education institutions was developed by the Ministry of Education and Science of Ukraine, it has undergone a public consultations procedure and is being revised afterwards.

→ adopt legislation to modernise and regulate professional education (vocational education and training)

A draft law On Professional Education developed by the Ministry of Education and Science of Ukraine is published on the official Ministry's website for public discussion on April 02, 2024 (<https://mon.gov.ua/ua/news/mon-proponuye-dlya-gromadskogo-obgovorennya-proyekt-zakonu-ukrayini-pro-profesijnu-osvitu>). Proposals and comments are accepted by May 02. An agreement was reached that

the European Training Foundation (ETF) will assist in translating the draft law into English, provide its expertise and share with other European partners for their comments and inputs.

→ start preparing for referencing the Ukrainian National Qualifications Framework to the European Qualifications Framework

Following the exercise of a comparison between the National Qualifications Framework (NQF) with the European Qualifications Framework (EQF) in 2021 with a respective report published in February 2023, a working group for the referencing process of the NQF with the EQF for Lifelong Learning was established by the Order of the Ministry of Education and Science of Ukraine of October 10, 2023 No. 1323. It includes representatives of the respective central government authorities, National Qualifications Agency, National Agency for Higher Education Quality Assurance, training and methodological centers for vocational education, employers and trade unions.

An Action Plan for the referencing of the NQF with the EQF for lifelong learning", based on the criteria of the NQF with the EQF provided in Annex III to the Council Recommendation of 22 May 2017 on the European Qualifications Framework for Lifelong Learning and repealing the Recommendation of the European Parliament and of the Council of 23 April 2008 establishing a European Qualifications Framework for Lifelong Learning was approved by the Working Group on 19 January 2024 with a deadline to complete the referencing process by the end of 2024.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

**CLUSTER 3: Competitiveness
and Inclusive Growth**

CHAPTER 29 – Customs Union

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Answers to the Guiding Questions

The main tasks to be fulfilled by the customs authorities:

1. Ensuring the harmonised implementation of the *acquis*.

The customs legislation of Ukraine is broadly aligned with the EU *acquis*, in particular, in such important areas as transit, authorised economic operators, valuation and intellectual property rights.

In 2023, with the aim of Ukrainian legislation approximation to the EU legislation, the following were adopted:

1) Law of Ukraine dated July 13, 2023 No. 3229-IX “On amendments to the Customs Code of Ukraine regarding the use of customs declarations and electronic transit system provided for by the Convention on a Common Transit for transit under the terms of this Code”. Implementation of the Law’s provisions allows to:

- reduce customs clearance time for users of the New Computerised Transit System (hereinafter - NCTS) and expand the use of transit simplifications;
- introduce internal transit using the NCTS, similar to the Union transit provided for by the Union Customs Code;
- establish priority border crossing for goods placed under the common transit procedure;
- increase control over goods through the use of customs seals and special type seals.

2) Law of Ukraine dated May 02, 2023 No. 3069-IX on amendments to the Customs Code of Ukraine on bringing the UCGFEA codes into compliance with the Law of Ukraine “On the Customs Tariff of Ukraine”.

3) Law of Ukraine dated July 14, 2023 No. 3261-IX “On amendments to the Customs Code of Ukraine regarding bringing the procedure for determining the country of origin of goods in line with the Union Customs Code and ensuring the implementation of Ukraine’s free trade agreements” (hereinafter - Law No. 3261-IX).

The amendments allowed to finalise domestic procedures for implementation of modernised (alternative) preferential rules of origin as an updated Annex to the EU-Ukraine Association Agreement, and to fully align Ukrainian customs legislation on non-preferential rules of origin with the EU legislation.

Pursuant to Law No. 3261-IX, the Government adopted Resolution No. 1184 dated November 10, 2023 “On approval of the definition of the concept of originating products and methods of administrative cooperation in accordance with the Association Agreement”.

Also were adopted:

- Order of the Ministry of Finance of Ukraine dated November 29, 2023 No. 663 “On amendments to certain orders of the Ministry of Finance of Ukraine”, registered in the Ministry of Justice of Ukraine on December 13, 2023 under No. 2172/41228;

- Order of the Ministry of Finance of Ukraine dated May 24, 2023 No. 281 “On amendments to the order of the Ministry of Finance of Ukraine dated May 05, 2023 No. 232”, registered in the Ministry of Justice of Ukraine on May 26, 2023 under No. 891/39947.

4) The decision of the EU-Ukraine Customs Subcommittee No. 1/2023 dated November 16, 2023 on amending Protocol I “On the definition of the concept of originating products and methods of administrative cooperation” to the Association Agreement (hereinafter - Protocol I), was approved in line with the written procedure and published on November 24, 2023 in the Official Gazette of Ukraine.

In accordance with the updated Protocol I, starting from December 1, 2023, the Alternative Rules of Origin shall be applied in bilateral trade in goods between Ukraine and the EU, which, in particular, provides for:

- simplification and acceleration of procedures for confirming the preferential origin of goods supplied under the terms of the EU-Ukraine Association Agreement;
- reduction of the number of supporting documents, possibility to use electronic documents of origin;
- extension of the validity of documents of origin (from four to ten months).

5) Law of Ukraine dated August 23, 2023 No. 3345-IX “On amendments to the Customs Code of Ukraine and other laws of Ukraine regarding unification of procedures for declaring military equipment and other goods with European and North Atlantic standards”, which allowed exemption from a number of state controls when moving goods across the customs border of Ukraine using Form 302 (a document for customs clearance of military equipment and other goods used in the EU and NATO member states).

In order to implement the provisions of this Law, the Cabinet of Ministers of Ukraine adopted Resolution No. 1230 dated November 17, 2023 “Some issues of application of the document for declaring military equipment and other goods (Form 302 of Ukraine)”.

6) Law of Ukraine dated December 9, 2023 No. 3513-IX on Amendments to the Criminal Code of Ukraine and the Criminal Procedure Code of Ukraine on Criminalization of Smuggling of Goods.

7) Resolution No. 633 of the Cabinet of Ministers of Ukraine dated June 24, 2023, according to which more than 700 regulations and implementing regulations of the EU Commission regarding the classification of certain goods in the Combined Nomenclature of the European Union were introduced into Ukrainian legislation, which provided that approaches to the classification of individual goods according to the Combined Nomenclature, established in the relevant legal acts of the European

Union (EU acquis), should be taken into account by the customs authorities when issuing decisions on the classification of goods in accordance with Ukrainian Classification of Goods of Foreign Economic Activity (UKTZED) as well as decisions on binding information on classification provided that such approaches do not contradict the provisions of the International Convention on the Harmonized Commodity Description and Coding System.

The list of legal acts of the European Union (EU acquis) on the classification of individual goods according to the Combined Nomenclature of the European Union is published and updated quarterly by the State Customs Service on its official website.

Also, in order to approximate the national customs legislation to the EU customs legislation in accordance with the updated Annex XV to the Association Agreement, the Government developed and approved on December 22, 2023 the Draft Law of Ukraine “On amendments to the Customs Code of Ukraine regarding the implementation of certain provisions of the Union Customs Code”, registered in the Verkhovna Rada of Ukraine on January 16, 2024 under No. 10411, which provides for further harmonisation of customs legislation with the EU legislation, in particular in the following areas: customs procedures, declaration, customs representation, development of authorised economic operator programmes (AEO) and NCTS.

2. Ensuring that European Union own resources are accurately collected, recorded in the accounts, disbursed, reported and audited, both nationally and by the EU. This implies that:

2.1. A system is in place to register traders’ liabilities to customs revenue.

Ukraine has a system for registering business entities' obligations to pay customs duties. The CCU defines these procedures in Chapter 43 “Charging customs payments”.

A national IT system allows for the registration of business entities' obligations to pay customs duties through a single treasury account.

Currently, the Ukrainian customs legislation uses the definition of "the obligation to pay customs duties" instead of "customs debt".

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

2.2. Payment accounting systems for deferred, cash and other types of customs related payment are in place and linked to the register of customs liabilities.

The CCU establishes the rules for the payment of customs taxes (Articles 298, 299, 302,304).

Different forms of payment are available.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

2.3. Accounting and revenue allocation processes are clearly defined and executed and agreed with national and EU standard provisions.

In accordance with the provisions of the second part of Article 56 of the Budget Code of Ukraine, accounting of all operations related to the implementation of the State Budget of Ukraine is carried out by the Treasury of Ukraine in accordance with the procedure established by the MoF. This accounting should reflect all assets and liabilities of the state.

In accordance with Article 45 of the Budget Code of Ukraine, the Government has established a list of budget classification codes for the bodies that control the administration of budget revenues and general requirements for accounting for budget revenues (Resolution of the Cabinet of Ministers of Ukraine dated February 16, 2011 No. 106). The Order of the MoF dated January 14, 2011 No. 11 "On Budget Classification" approved the Classification of Budget Revenues. The SCS records and systematizes the amounts of customs taxes according to budget classification codes during the movement of goods across the customs border of Ukraine.

Accounting process is regulated by the requirements of the CCU and by-law governing its implementation (Order of the MoF No. 898 dated November 1, 2017).

Accounting customs taxes and their allocation processes are carried out using the automated customs clearance system "Inspector" through the operation of a single treasury account. The SCS plans to develop the new system of customs clearance.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

2.4. Registration of revenue liabilities, their processing, accounting and allocation are separate modules of an integrated customs European information system.

Ukraine is not integrated as user of an integrated customs European information system.

A national IT system performing similar functions is in place.

Registration, processing, accounting, and allocation of customs taxes is done through the Automated System of Customs Clearance (ASCC). The SCS plans to develop the new system of customs clearance.

In addition, to supplement the existing information systems technical requirements have been developed to create a module for maintaining and accounting for accrued amounts of monetary liabilities determined by the results of

post-clearance audits of compliance with the requirements of the legislation of Ukraine on customs matters, which provides for information exchange with tax authorities on the occurrence of tax debt, taking further measures to recover it. The SCS is working to create an appropriate addition.

In addition, to supplement the existing information systems, a module for maintaining and accounting for accrued amounts of monetary liabilities determined as a result of post-clearance controls of compliance with the requirements of Ukrainian customs legislation has been developed (the "Register of Tax Notices-Decisions" module), which provides for the exchange of information with tax authorities on the occurrence of tax debt and further measures to collect it.

The "Register of Tax Notices-Decisions" module is in trial operation and is designed to maintain registers of customs duties payable based on the results of desktop audits conducted after the release of goods, the status of their approval, appeal in administrative and/or judicial proceedings, payment arrears.

3. Ensuring border and inland control, so as to facilitate the flow of legitimate passengers and trade while ensuring the protection of the EU's financial interests, as well as the social protection of national and EU citizens. This implies that:

3.1. Customs and security controls are based upon intelligence-led risk analysis, pre-arrival information and selectivity techniques.

In accordance with Article 246 of the CCU, an automated customs clearance system is used to complete customs formalities during the customs clearance of goods and vehicles for commercial purposes, which, according to this Code, automatically determines the list of such customs formalities and the need for the participation of officials in their performance, taking into account the results of risk analysis and depending on the type of customs declaration, customs regime, features, means and methods of moving goods across the customs border of Ukraine.

The provisions of the national legislation of Ukraine on customs matters regarding the application of the risk management system comply with the provisions of Articles 46 and 128 of the UCC.

In accordance with Article 320 of the CCU, the forms and scope of customs control are selected by the automated risk management system and/or customs officials based on the results of the risk management system application.

In accordance with Article 194-1 of the CCU, the customs authority carries out a risk analysis based on the entry summary declaration (the ENS), which is submitted before the arrival of such goods to the customs territory of Ukraine, and performs customs formalities determined based on the results of such analysis, after the arrival of the goods at the first checkpoint (control point) across the state border of Ukraine. The ENS contains the information necessary to conduct a risk analysis for safety and reliability purposes.

In accordance with the order of the MoF dated January 4, 2023 No. 6 "On registration of international postal and express consignments and approval of changes to the Procedure for filling out customs declarations in the form of a single administrative document", customs authorities use preliminary information about goods that are moved (forwarded) in international postal and express consignments for the purpose of analysis, identification and assessment of risks, development and implementation of practical risk management measures.

Customs ensures the selectivity of customs control by applying the risk management system through compliance with the Procedure for conducting risk analysis and assessment, developing and implementing risk management measures to determine the forms and scope of customs control, approved by the order of the MoF dated July 31, 2015 No. 684.

In order to expand sources of information for analysis and assessment of risks, the SCS provides information interaction with customs authorities of foreign countries and national government agencies and departments. Currently, such interaction is carried out with the customs authorities of Moldova, Slovakia, Hungary, Azerbaijan, Georgia, and, as a pilot project, with the customs authorities of Romania, as well as with the tax and border services of Ukraine.

3.2. Controls are systematic, comprehensive and flexible and consistently applied.

Issues of the organization of customs control are reflected in Chapter 47 of the CCU.

The general principles of customs control include the following:

all goods, vehicles of commercial purpose that move across the customs border of Ukraine are subject to customs control;

customs control is carried out exclusively by customs authorities in accordance with this Code and other laws of Ukraine;

customs control involves the fulfilment by customs authorities of the minimum customs formalities necessary to ensure compliance with the legislation of Ukraine on customs matters;

customs control of goods and vehicles at checkpoints of across the state border of Ukraine is carried out in accordance with the typical technological schemes of customs control, approved by the Resolution of the Cabinet of Ministers of Ukraine (the CMU) of May 21, 2012 No. 451 "Issues of passage through the state border of persons, automobile, water, railway and air carriers' vehicles and goods moved by them";

the timetable of vehicles engaged in regular international flights shall be approved by the central executive body that ensures the formation and implementation of the state policy in the field of transport, in agreement with the central executive body that implements the state customs policy and the central

executive body that ensures the implementation of the state policy in the field of state border protection;

in order to improve the efficiency of customs control, the customs authorities cooperate with participants in foreign economic activity, AEOs, other persons whose activities are related to foreign trade, and their professional unions (associations);

to ensure the implementation of customs control, the customs authorities use systems that ensure the functioning of electronic information resources of the customs authorities.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

3.3. Controls take account of relevant international conventions and trade / customs agreements.

International conventions relating to border and inland control are implemented into the national legislation, among other things:

Convention on Temporary Admission (Istanbul Convention);

Convention on the Facilitation of International Maritime Traffic of 1965;

Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention) of 1975,

Agreement concerning the Relationships between Carriers in respect of International Freight Traffic by Rail (AIM);

Convention on International Civil Aviation of 1944;

Convention on the contract for the international carriage of goods of goods by road (CMR);

International Convention on Harmonisation and Simplification of Customs procedures (Kyoto Convention);

International Convention on the Harmonization of Frontier Controls of Goods;

International Convention on Mutual Administrative Assistance in Customs Matters (Johannesburg Convention);

Convention on measures for ban and prevention of illegal import, export and transfer of ownership of cultural property;

UN Convention against illicit trafficking of narcotic drugs and psychotropic substances;

Single Convention on narcotic drugs;

Convention on Psychotropic Substances;

Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);

Basel Convention on the Control of cross-border movements of dangerous wastes and their elimination;

Convention on the Prohibition of the production, development, use and create stocks of chemical weapons and their destruction;

Vienna Convention (Montreal Protocol) on Substances that damage the ozone layer.

Based on a bilateral Agreement joint control of persons, vehicles, goods and objects were introduced on the Ukrainian-Moldovan border at the six road border crossing points Mamalyga–Kryva, Kelmentsi–Larga, Rossoşanî-Briceni, Kuchurgan–Pervomaisk, Maiaky-Udobne-Palanka, Reni-Giurgiuleşti, one of which is temporarily suspended on the Transnistrian section.

Ukraine and the Republic of Moldova jointly control the Serpnevo-1-Bessarabeasca and Kuchurgan-Novosavitske railway crossing on the basis of Protocols signed between the competent authorities of both countries.

The draft Agreement between Ukraine and the Republic of Poland on joint control of persons, vehicles and goods at the border crossing points has been developed.

4. Ensuring end-to-end international supply chain security by introducing a balanced approach to security measures and facilitation.

Ukraine has implemented the AEO program and a system of simplifications similar to the EU. All provisions are described in Chapter 2 of the CCU "Authorized Economic Operator. Simplifications and Benefits", which was amended in accordance with the Law of Ukraine No. 2510-IX dated August 15, 2022.

Chapter 2 of the CCU stipulates that a resident company performing any role in the international supply chain (manufacturer, exporter, importer, customs representative, carrier, forwarder, warehouse keeper) and having obtained authorization in accordance with the requirements of this chapter, acquires the status of an authorized economic operator.

In order to fulfil the requirements of the CCU, the Government adopted Resolution No. 1092 dated September 27, 2022 "Some issues of implementation of the provisions of the Customs Code of Ukraine regarding the granting of authorizations", which regulated the procedure for conducting assessment and monitoring of the company according to the criteria for granting AEO authorization. In 2023-2024 the Resolution of the Cabinet of Ministers of Ukraine No. 1092 was amended by Resolutions No. 1014 dated September 22, 2023, No. 137 dated February 09, 2024 to expand the use of the authorised economic operator programmes (AEO).

One of the elements that allows achieving a balance between security measures and simplifications in the implementation of the international secure supply chain is the institution of an authorized economic operator and the conclusion of mutual

recognition agreements.

For the purposes of a secure international supply chain, economic operators that perform any role in the international supply chain and have an AEO status are taken into account.

Currently, 33 economic operators in Ukraine have granted 34 AEO authorizations (including one AEO Security and Safety (AEOS)).

According to the WCO Guidelines for Mutual Recognition Agreements and information provided by EU experts, one of the stages of preparation for the conclusion of a mutual recognition agreement is to verify the practical application of the AEO program in the country. The EU side also noted that in order to start the practical application stage, at least 10 economic operators should be granted AEOS status.

Currently, one economic operator is at the final stage of audit of the applicable criteria for granting AEOS status, and 2 more economic operators are under audit.

As an analogue of the ENS applied in the EU, a ENS was introduced in Ukraine - new regulations entered into force in the CCU.

In order to carry out a risk analysis to assess security and safety, when goods are imported into Ukraine, in advance (before the goods cross the customs border of Ukraine) by the carrier or on his behalf by another person - the importer, the recipient of the goods or another person authorized to deliver goods to the customs authority, in the form of an electronic message with an electronic signature, or through the interface for submitting such a declaration using the means of the integrated electronic identification system, posted on the official website of the SCS to the customs authority, in the area of which the crossing point across the state border is located, the ENS must be submitted.

Also, commercial, port or transport information systems can be used for the submission of the ENS. The requirements that must be provided by information systems of electronic interaction are defined in the Standard technological scheme for the passage of persons, road, water, rail and air transport vehicles across the state border and the goods moved by them, approved by the resolution of the CMU dated May 21, 2012 No. 451.

The terms of submission of the ENS, depending on the type of transport, are established in the CCU.

The information entered in the ENS and the features of its entry in the ENS, taking into account the requirements of EU customs legislation, are defined in the List of information to be included in the ENS, which was approved by the order of the MoF dated August 13, 2020 No. 502.

The ENS is mandatory for the passage of goods and vehicles transporting them across the customs border, except for the cases specified in Article 194-1 of the CCU.

In addition, since October 1, 2022, Ukraine has become a full member country

of the Convention on the Common Transit Procedure and the Convention on the Simplification of Formalities in Trade in Goods and started the international application of the New Computerized Transit System (NCTS).

5. Ensuring the detection, prevention and investigation of fraud, as well as the preparation of cases for the prosecution of offenders; enforcing compliance with national and EU legislation through the consistent application of the law. This implies in particular that:

5.1. Controls are based upon intelligence-led risk analysis, pre-arrival information and selectivity techniques.

In accordance with Article 320 of the CCU, the forms and scope of customs control are selected by the automated risk management system and/or customs officials based on the results of the risk management system application.

In accordance with Article 194-1 of the CCU, the customs authority carries out a risk analysis based on the entry summary declaration (the ENS), which is submitted before the arrival of such goods to the customs territory of Ukraine, and performs customs formalities determined based on the results of such analysis, after the arrival of the goods at the first checkpoint (control point) across the state border of Ukraine. The ENS contains the information necessary to conduct a risk analysis for safety and reliability purposes.

In accordance with the order of the MoF dated January 4, 2023 No. 6 "On registration of international postal and express consignments and approval of changes to the Procedure for filling out customs declarations in the form of a single administrative document", customs authorities use preliminary information about goods that are moved (forwarded) in international postal and express consignments for the purpose of analysis, identification and assessment of risks, development and implementation of practical risk management measures.

Customs ensures the selectivity of customs control by applying the risk management system through compliance with the Procedure for conducting risk analysis and assessment, developing and implementing risk management measures to determine the forms and scope of customs control, approved by the order of the MoF dated July 31, 2015 No. 684.

In order to expand sources of information for analysis and assessment of risks, the SCS provides information interaction with customs authorities of foreign countries and national government agencies and departments. Currently, such interaction is carried out with the customs authorities of Moldova, Slovakia, Hungary, Azerbaijan, Georgia, and, as a pilot project, with the customs authorities of Romania, as well as with the tax and border services of Ukraine.

5.2. Relationships and adequate co-operation are established with other enforcement bodies, the prosecution services and the courts, which ensure that

offence cases are dealt with promptly and efficiently.

In accordance with the first part of Article 558 of the CCU, customs authorities, in the performance of their tasks, interact, including by exchanging information, with law enforcement authorities in accordance with the procedure established by law.

In particular, in the case of detection during customs control and other measures carried out by the customs authorities of signs of offenses, the investigation of which does not belong to the powers of the customs authorities, the customs authorities are obliged to notify the relevant law enforcement authorities in writing. In turn, law enforcement authorities are obliged to notify the customs authorities in writing of any violations of customs regulations or smuggling detected by them.

Also, law enforcement authorities are obliged to notify the customs authorities in writing about the availability of operational information regarding possible cases of movement of goods, including vehicles for personal use, commercial vehicles in violation of Ukrainian legislation. In case of availability of such operational information from law enforcement authorities, customs control and customs clearance shall be carried out by a written decision of the head of the customs authority that received this operational information, or his deputy in the scope and in the forms provided for by this Code.

In accordance with Article 491 of the CCU, official written notices of a person committing a violation of customs rules, received from law enforcement authorities, are grounds for initiating a case of violation of customs rules.

In case of detection of a violation of customs rules, the customs official who detected the customs offense draws up a report on violation of customs rules in accordance with Article 494 of the CCU.

The procedure for conducting proceedings in a case of violation of customs rules, including its consideration and decision-making, is determined by Title XIX of the CCU.

In turn, if the customs authority detects signs of a crime, in particular the smuggling of narcotic drugs, weapons or ammunition, the law enforcement authorities is immediately informed about it, which is responsible for the pre-trial investigation of the relevant crime.

The respective law enforcement authorities is authorized to initiate criminal proceedings, carry out the necessary procedural investigative actions (public and covert) and submit the collected materials to the court.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

6. A comprehensive intelligence and information system in support of investigation and enforcement is in place.

On January 1, 2024, the Law of Ukraine dated December 9, 2023 No. 3513-IX on Amendments to the Criminal Code of Ukraine and the Criminal Procedure Code of Ukraine on Criminalization of Smuggling of Goods came into force in terms of bringing persons to criminal liability for smuggling of excisable goods.

The phased entry into force of the provisions of the Law on the introduction of criminal liability for: smuggling of excise goods - from January 1, 2024, smuggling of all other goods - from July 1, 2024.

The establishment of criminal liability for smuggling of goods and the empowerment of the the Economic Security Bureau of Ukraine (the ESBU) units to investigate crimes in this category made it possible to bring to justice not only the direct perpetrator of the crime. Thanks to the rather broad tools at the disposal of the ESBU units (in particular, the right to conduct investigative operations), there is a real opportunity to identify and prosecute all persons involved in the commission of the crime (organizers, instigators, aids, etc.).

The National Revenue Strategy until 2030 provides for the adoption of a law to authorize customs authorities to conduct investigative and pre-trial investigations in cases of smuggling of goods.

The concentration of a wide range of powers in the customs authorities to detect criminal offenses, including through operational and search activities, documentation and pre-trial investigation in smuggling cases, will allow them to effectively counteract criminal offenses related to the illegal movement of goods.

Currently, the State Customs Service is working on the preparation of the relevant draft law, which will be submitted to the Verkhovna Rada of Ukraine in accordance with the established procedure.

7. Ensuring the customs enforcement of intellectual property rights (IPR).

The customs enforcement of intellectual property rights (IPR) is ensured.

Law No. 202-IX of October 17, 2019 and Orders of the Ministry of Finance No. 281 and 282 of June 09, 2020 have aligned Ukraine's customs legislation in the field of IPR with EU Regulations No. 608/2013 and No. 1352/2013.

In addition, the Draft Law of Ukraine "On Amendments to the Customs Code of Ukraine on Implementation of Certain Provisions of the Customs Code of the European Union", registered in the Verkhovna Rada of Ukraine on January 16, 2024 under No. 10411, in order to implement the measures of the State Anti-Corruption Program for 2023-2025, proposes to improve Title XIV of the Customs Code of Ukraine to strengthen the enforcement of intellectual property rights (IPR), in particular:

1) determination of the sufficiency of the conclusion of the right-holder to confirm the infringement of IPR and drawing up a customs offense report related to the movement of goods across the customs border of Ukraine in infringement of IPR;

2) extending the application of measures to facilitate IPR enforcement to cases of detection of goods suspected of IPR infringement and moved outside customs control, concealed from customs control, by way of non-declaration, etc;

3) strengthening administrative liability for the movement of goods across the customs border of Ukraine in infringement of IPR;

4) inclusion of the right-holder in the list of persons participating in the customs offense proceedings under Article 476 of the CCU.

The central and regional IPR units, IPR-specific databases (similar to COPIS), risk profiles, cooperation with right holders and trainings are in place.

To date, the SCS has created and put into operation the software and information complex (the PIC) "Objects of Intellectual Property Law", which is built on the new centralized architecture of the Single Automated Information System of Customs Authorities (order of the SCS dated April 19, 2022).

Both employees of the central office of the SCS and employees of territorial authorities have access to this PIC, including through the use of web services of the Automated Customs Clearance System.

Currently, the State Customs Service is implementing a centralized model of the Single Automated Information System of Customs Authorities, the main components of which are: ASCC.Center and the Single Window for International Trade, and it is planned to build an interface with the existing PIC in the State Customs Service and the central module of the EU's COPIS system.

In 2023-2024, a detailed analysis of the interfaces with the system (in accordance with DG TAXUD documentation) is being conducted to develop a mechanism for interaction with the EU's COPIS system.

In order for the customs administration to duly implement these tasks, the following conditions should be fulfilled:

8. The customs administration must have a solid legal base clearly setting out its organisation and structure, including administrative structures, explaining in detail the implementation of the *acquis* for the operational staff.

The structure and organization of the customs authorities' activities (including ensuring the correct application, strict observance and prevention of non-compliance with the requirements of Ukrainian customs legislation) are set out in Chapter 74 of the CCU, Article 211 of the Law of Ukraine "On Central Executive Bodies", as well as in the following Government resolutions and orders of the SCS and MoF:

resolution of the CMU dated December 18, 2018 No. 1200 "On the establishment of the State Tax Service of Ukraine and the State Customs Service of Ukraine";

resolution of the CMU dated 06.03.2019 No. 227 "On approval of provisions on the State Tax Service of Ukraine and the State Customs Service of Ukraine";

resolution of the CMU dated September 30, 2020 No. 895 "Some issues of territorial authorities of the State Customs Service";

order of the SCS dated October 16, 2020 No. 460 "On the formation of territorial authorities of the State Customs Service of Ukraine as separate units";

order of the SCS dated October 29, 2020 No. 489 "On approval of provisions on territorial authorities of the State Customs Service";

order of the SCS dated 04.12.2020 No. 551 "On the implementation of structures";

order of the SCS dated 07.12.2020 No. 553 "On the establishment of customs posts";

order of the SCS dated 25.02.2021 No. 127 "On the establishment of a Working Group on approximation of the customs legislation of Ukraine to the norms of the European Union". The group's work is aimed at implementing measures to bring Ukraine's customs legislation closer to EU standards. Therefore, Annex XV to the Association Agreement between Ukraine and the EU has been updated. The development of the EU acquis continues;

order of the Ministry of Finance No. 100 dated 29.02.2024, which established expert teams for the preparation of certain structural units of the draft new Customs Code of Ukraine, coordination, organizational and technical teams and a team to provide expert support for the translation of acts of the European Union (EU acquis).

9. The customs administration must be subject to independent audit to audit the internal control systems that exist within the customs organization.

The Internal Audit Department of the State Customs Service is an independent structural division of the SCS. The head of the Department is subordinate and accountable directly to the head of the SCS. An internal audit declaration was signed between the heads of the SCS and the Directorate, which defines the mission, goals, principles of independence, main powers and duties of the unit.

Principles of independence of the internal audit activity, main tasks and functions of the Internal Audit Department of the State Customs Service, rights and duties of internal auditors, as well as independence requirements are defined The Procedure for Conducting Internal Audit and Establishing Internal Audit Units of Internal Audit, approved by the Resolution of the Cabinet of Ministers of Ukraine dated No. 1001 dated September 28, 2011, the Internal Audit Standards approved by the Order of the No. 1247 of the Ministry of Finance of Ukraine dated October 4, 2011, the Procedure for Conducting internal audit in the State Customs Service of Ukraine, the formation and the Procedure for Conducting an Internal Audit in the State Customs Service of Ukraine, Formation and Use of Cases, approved by Order of the State Customs Service of Ukraine dated November 22, 2023 No. 832, Regulation on the Internal Audit Department approved by the Order of the State Customs Service of Ukraine No. 558 dated September 29, 2023. These regulations

and organizational and administrative documents of the State Customs Service cover the relevant aspects of internal audit activities and are sufficient for the effective to perform the internal audit function effectively.

Internal audit is conducted in accordance with the internal audit activity plan. The management forms an internal audit activity plan based on the results of the risk-oriented selection of audit objects, which is based on the identification and assessment of risks, the prioritization of audit objects through the application of a set of selection factors and the frequency of scheduled audits for each priority audit object.

The Head of the State Customs Service approved the Internal Audit Action Plan for Audit of the State Customs Service for 2024-2026, which, among other things, provides for conducting internal audits aimed exclusively at systematic analysis and evaluation of the effectiveness of the internal control system and management system.

10. Staff must work in accordance with the rule of law and perform their duties in a fair, impartial, honest, trustworthy and professional manner.

In order to increase the efficiency factor, incentives, and personal responsibility of officials in key areas of the SCS, a contractual form of civil service was introduced in the customs authorities in 2021.

The SCS has 74% of its officials under contract, and 100% of its territorial offices.

The contractual form provides for the definition of clear tasks and the achievement of performance indicators, efficiency and quality of their implementation individually for each official (KPI).

The introduction of the contractual form has increased the level of responsibility for the person holding the position, stimulates him to more productive work, which involves the achievement of specific results.

In addition, in accordance with strategic objective 3 of the Personnel Management Strategy of the SCS for 2021-2024, approved by Order of the SCS No. 648 dated August 26, 2021, a number of measures are envisaged to improve the effectiveness of anti-corruption measures and introduce new methods of employee verification, in particular, the resumption of the attestation procedure, the introduction of integrity checks and polygraph examinations for customs officials.

11. A training strategy should be in place, which ensures regular training of the staff. This includes participation in the Customs 2013 (2020) programme, which focuses on harmonising EU practices.

Ukraine became a participant of the EU's Customs programme (the Agreement was ratified by the Law of Ukraine No. 3176-IX dated June 29, 2023 "On ratification

of the Agreement between Ukraine and the European Union on Ukraine's participation in Customs Program, the Union's customs cooperation programme“).

The Agreement between Ukraine and the European Union on Ukraine's participation in the Customs, the Union's customs cooperation programme, is the basis for cooperation between Ukraine and the European Union in supporting the customs union and customs authorities working together and acting as one. The objectives of Customs, the Union's customs cooperation programme are to safeguard the financial and economic interests of the Union and its Member States, to ensure safety and security within the Union and to protect the Union from unfair and illegal trade, while supporting legitimate commercial activity.

Also, in accordance with strategic goal 4 of the Personnel Management Strategy of the SCS for 2021-2024, approved by the order of the SCS No. 648 dated August 26, 2021, a number of operational goals are provided for improving efficiency through personnel development and training:

- improvement of the system for determining learning needs and evaluating learning results;
- development of new opportunities and integration of existing educational resources;
- updating training programs based on the competency model.

In order to ensure the effective organization of professional training of officials of the State Customs Service of Ukraine and its territorial bodies, aimed at improving the efficiency of official activities and focused on the needs of the individual in professional training, the State Customs Service issued Order No. 577 "On Organization of Professional Training of Officials of the State Customs Service and its Territorial Bodies" dated December 30, 2022.

Order of the State Customs Service No. 37 dated February 1, 2023 "On Organization of Professional Development of Officials of the State Customs Service and its Territorial Bodies in 2023" approved:

a plan for improving the level of professional competence of officials of the State Customs Service and its territorial bodies for 2023;

a list of categories of officials who are entitled to act as chairmen of the commissions for the final control of knowledge;

the schedule of special and specialized training on the basis of the Department for Specialized Training and Canine Services of the State Customs Service in 2023.

The Order of the State Customs Service No. 112 dated March 24, 2023 approved 72 special training programs approved by the Orders of the Department for Specialized Training and Canine Services of the State Customs Service No. 41 "On Approval of Special Professional (Certificate) Programs for 2023" dated 27.02.2023 and No. 42 "On Approval of Special Short-Term Programs for 2023" dated February 27, 2023.

In the reporting period, the vast majority of training activities envisaged by the 2023 Plan were conducted in mixed (on-site and distance) and distance learning modes, with the on-site mixed mode conducted online.

In accordance with the Plan for Improving the Professional Competence of the Officials of the State Customs Service and its Territorial Bodies for 2023 and the Schedule of Specialized and Specialized Training on the Basis of the Department for Specialized Training and Canine Services of the State Customs Service in 2023, approved by Order No. 37, advanced training was organized for 12272 officials of the State Customs Service and its territorial bodies, including through electronic platforms.

In 2024, the Order of the State Customs Service No. 194 dated February 12, 2024 approved the List of Priority Areas (Topics) for the Professional Development of Officials of the State Customs Service and its Territorial Bodies under Special Professional (Certificate) and Short-Term Programs.

Order of the State Customs Service No. 216 dated February 15, 2024 "On the Organization of Professional Development of Officials of the State Customs Service and its Territorial Bodies in 2024" approved the Plan for Professional Development of Officials of the State Customs Service and its Territorial Bodies for 2024 and the Schedule for Specialized and Specialized Training on the basis of the Department for Specialized Training and Canine Services of the State Customs Service in 2024. The respective order defines 84 specialized training programs.

In the first quarter of 2024, 390 officials of the State Customs Service were registered in the distance learning system of the Software and Information Complex of the Department for Specialized Training and Canine Services of the State Customs Service. As of the end of March 2024, 380 officials of the State Customs Service were registered on the web portal of knowledge management in the field of professional training "Knowledge Management Portal" of the National Academy of State Services of Ukraine.

The Working Group on the Pilot Project for the Implementation of the Competency Model in the Work of the HR Services of the State Customs Service and its Territorial Bodies, with the participation of the relevant structural units of the State Customs Service, the base customs offices for the implementation of the pilot project, and the Department for Specialized Training and Canine Services of the State Customs Service, developed the Customs Competency Handbook in terms of determining the optimization of the number and lists of operational customs competencies, auxiliary, managerial and professional (behavioral) competencies.

The Department for Specialized Training and Canine Services of the State Customs Service is compiling updated proposals to prepare for the approval of the Customs Competency Guide and further implementation of the competency model in the work of HR services.

After the approval of the Customs Competency Guide, it is planned to revise the training programs in accordance with the implemented competency model.

12. The customs administration should have an appropriate human resources policy, to support the achievement of the customs administration objectives to ensure that proper staff is selected for employment in the customs administration and to develop and implement an ethics policy for customs organization.

The SCS has the Personnel Management Strategy of the SCS for the years 2021-2024, approved by the SCS order No. 648 dated 08/26/2021, and the Action Plan for the implementation of the specified Strategy, approved by the SCS order No. 723 dated 09/20/2021.

These documents provide for a number of measures aimed at fulfilling the following strategic goals:

- personnel renewal and formation of personnel potential of the service;
- improving the effectiveness of staffing processes by developing and implementing a model of competencies and profiling;
- increasing the effectiveness of anti-corruption measures and implementing new methods of checking employees;
- increasing efficiency through staff development and training;
- development of corporate culture in the SCS.

In addition, the SCS, during the transition to work in the format of a single legal entity in 2021, introduced a mechanism for careful control of personnel decisions made by the heads of territorial bodies of the SCS.

In particular, mandatory approval by the Head of the SCS of candidates for appointment to all positions in the territorial bodies of the SCS is provided for. At the same time, each candidate is carefully processed by the Personnel Department, the Department of Internal Security and specialized structural subdivisions of the SCS, after which the Head of the SCS makes a final decision on each candidate.

The purpose of the mentioned mechanism is to eliminate risks related to corruption manifestations on the ground and to prevent inadequate staffing of the territorial bodies of the SCS.

The order of the SCS dated September 2, 2021 No. 668 approved the Code and Rules of Ethical Behavior of the SCS employees in order to define integrity as the main principle and standard of behaviour of the SCS employees, and ensured monitoring of its compliance.

In the apparatus and territorial authorities of the SCS, specially authorized persons on issues of ethical behaviour have been identified, who are entrusted with the duties of monitoring compliance with the Code and Rules, providing employees with explanations and consultations on issues of their application, as well as related normative legal acts, conducting classes on their study.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

13. All customs business processes must be properly documented and be aligned to the legal basis in force.

The model of building a system of the exercise of powers by state authorities in Ukraine, in particular in matters of customs affairs, is based on Article 19 of the Constitution of Ukraine, which specifies that state authorities and local self-government authorities, their officials are obliged to act only on the basis, within powers and in the manner prescribed by the Constitution and laws of Ukraine.

Based on this, all customs business processes are properly documented by issuing regulatory and organizational administrative documents of the CMU, the MoF and the SCS to implement the provisions of the CCU and other legislation on customs matters.

At the same time, in 2022, the SCS developed and agreed with the MoF the Strategic Plan for Digital Development, Digital Transformation and Digitalization of the SCS and its territorial authorities for 2022-2023.

This Strategic Plan was approved by the decision of the Committee on Information Technology Management in the Public Finance Management System and put into effect by the order of the MoF No. 435 dated December 15, 2022.

Subparagraph 4.1.3 of paragraph 4.1 of this Strategic Plan provides for the following principles in the field of IT management:

- implementation of a new IT management model using modern project management approaches to ensure efficient operation of IT departments, consistency and controllability of IT projects, synergy from the use of joint solutions, increased manageability of IT processes and prompt access to information;

- systematic development management and documentation, according to which it is necessary to ensure the availability and updating of the source code repository, implementation of a policy of mandatory version control of the source code, configuration of clusters, servers, environments and individual services that should be stored in the version control system, and appropriate scripts or detailed instructions for tasks that cannot be automated should be developed to apply changes.

The SCS has also developed the Procedure for the Creation and Implementation of Software Products, approved by Order of the SMS dated June 2, 2023 No. 237, which stipulates that the creation (modernization), implementation and maintenance of a software product involves mandatory stages - the development of technical requirements, feasibility study, terms of reference for the creation (modernization) of a software product, including process analysis and forecasting. Visualization of modeling, analysis of existing processes and development of new more efficient ones, as well as data flow management, is possible using BPMN (Business Process Management Notation), UML (Unified Modeling Language) or other schemes. The creation of BPMN or UML or other schemes facilitates communication between the

initiators (customer) and the developers of the software product, identifying problems and creating new processes that are optimized in terms of their complexity, duration and cost. The technical requirements and/or terms of reference should contain an accurate description of the business processes, including, if necessary, business process diagrams, data flows, or other visualization tools.

In addition, the SCS has completed the development of the Long-term National Strategic Plan for Digital Development, Digital Transformation and Digitalization of the State Customs Service of Ukraine and its territorial units until 2026 based on the EU Multi-annual Strategic Plan for Electronic Customs (MASP-C), approved by the decision of the Committee on Information Technology Management in the Public Finance Management System (Protocol No. 6 of January 19, 2024), which was implemented by the Order of the Ministry of Finance of Ukraine No. 63 "On the Implementation of the National Strategic Plan for Digitalization" dated February 9, 2024.

Currently, the State Customs Service is developing a Business Process Modeling Policy.

14. All European Information Systems must be in line with the legal basis and agreed EU system specifications.

The Long-term National Strategic Plan for Digital Development, Digital Transformation and Digitalization of the State Customs Service of Ukraine and its territorial units based on the EU Multi-annual Strategic Plan for Electronic Customs (MASP-C) was approved by the decision of the Committee on Information Technology Management in the Public Finance Management System (Minutes No. 6 of January 19, 2024), which was implemented by the Order of the Ministry of Finance of Ukraine No. 63 of February 09, 2024 "On Implementation of the Decision of the Committee on Information Technology Management in the Public Finance Management System".

Appendix 1 to MASP-C contains a detailed schedule for the implementation of relevant IT solutions (both national and trans-European).

Appendix 2 to MASP-C contains a list of IT projects (both national, e.g., updated ASCC in a centralized architecture, and trans-European, e.g., NCTS Phase 5, NCTS Phase 6, etc.).

In addition, the updated ASCC (central architecture - national system for submitting declarations for import, export, transit, when working with business entities, authorized economic operators, guarantee management system) is coordinated in accordance with the EU Customs Data Model (EUCDM).

15. All European Information Systems are created and operated in line with an established project management methodology approved by the Customs Administration management.

Currently, Annex 3 to the MASP-C defines the IT strategy of of the State Customs Service of Ukraine and lists the main strategic goals.

The State Customs Service of Ukraine has developed the Procedure for the Creation and Implementation of Software Products, approved by Order of the SMS dated June 2, 2023 No. 237, which defines the stages of development (modernization), implementation and maintenance of the software product, and identifies the basic principles, stages and components of project management.

16. The customs administration must report annually on its activities to the ministry of finance, other government departments, and other key stakeholders (including trade).

Activity of the SCS is coordinated by the CMU through the Minister of Finance of Ukraine. Hence, the SCS annually (till January 20) submits, inter alia, Report on the state of execution of the work plan and tasks assigned to it. The work plan is to be developed in-line with the Government's priorities and other strategic documents and tasks, published of the SCS's web-site and submitted to the MoF.

The SCS also reports to the business society through the Community Councils institutions.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

17. An effective and harmonized offence and penalty regime must be in place, whereby penalties reflect the concept of “proportionality”, while being sufficiently strong to combat irregularities and fraud.

Title XVIII of the CCU contains a list of violations of customs rules and set responsibility for their conducting. In particular, depending on the seriousness of the irregularity, punishment is provided in the form of the prevention notification, fine or confiscation of goods.

The MoF and the SCS has initiated amendments to the CCU regarding administrative liability for violation of customs rules.

The Draft Law of Ukraine "On Amendments to the Customs Code of Ukraine on Certain Issues of Administrative Liability for Violation of Customs Rules" (Reg. No. 10257 dated November 13, 2023) intends to revise the approaches to the application of administrative penalties for violation of customs rules and introduce a more flexible mechanism for bringing persons to administrative responsibility for violations, as well as to implement modern European practices in the field of combating customs offenses in the activities of the customs authorities of Ukraine.

Moreover, the current legislation provides the criminal liability for the conducting more serious offences.

Sanctions of the specified articles of the Criminal Code of Ukraine provide for

differentiated punishment from a fine to imprisonment and confiscation of property.

On January 1, 2024, the Law of Ukraine "On Amendments to the Criminal Code and the Code of Criminal Procedure of Ukraine on Criminalization of Smuggling of Goods" No. 3513-IX dated December 09, 2023 came into force.

The Law amends articles 201 ("Smuggling of cultural values and weapons") and 201-1 ("Smuggling of timber and valuable tree species") of the Criminal Code of Ukraine and supplements the Code with new articles 201-3 ("Smuggling of goods"), 201-4 ("Smuggling excise goods"), which establish criminal liability for smuggling of goods and excise goods.

The phased entry into force of the provisions of the Law on the introduction of criminal liability for: smuggling of excise goods - from January 1, 2024, smuggling of all other goods - from July 1, 2024.

The adoption of the Law will contribute to the cessation of schemes of illegal movement of goods, which will have a positive impact on the development of the national economy, in particular in terms of increasing tax revenues to the State Budget of Ukraine.

18. An appeal procedure, with time limits, must be established and made public.

The legislation of Ukraine prescribes the following appeal procedure on customs related issues:

- based on Chapter 3 and Chapter 4 of the CCU for customs authorities' decisions made upon application and without it;
- based on Chapter 4 of the Tax Code of Ukraine for the tax assessment notices issued by the customs authorities in case of customs duties' underpayment;
- based on the Code of Administrative Judicial Procedure of Ukraine for court appeals against customs authorities' decisions, actions and inactions.

All mentioned above codes are in effect and public available.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

19. Effective co-operation must exist, both nationally, with other national law enforcement agencies, and internationally. Mutual administrative assistance and co-operation must be developed, at EU level and with third countries, with other customs administrations and other law enforcement agencies; this includes the implementation of the Customs Information System (CIS) and any other IT systems/databases developed for the pursuit of EU-competence customs frauds and irregularities.

International cooperation on the customs issues, including cooperation with

customs authorities of neighbouring countries, as well as issues of combating smuggling and violations of customs rules, are regulated by the Chapter 78 of the CCU.

The SCS exchanges information in the field of mutual administrative assistance with almost 60 WCO member states. The SCS conducted more than 50 bilateral and more than 10 (not including the CIS) multilateral agreements, memoranda and protocols on cooperation and mutual administrative assistance in customs affairs, as well as a number of bilateral international agreements of an interagency issues on the implementation of the provisions of international agreements in various areas of customs (e.g. customs control, IPR, fight against smuggling and violations of customs rules, combating the illegal circulation of narcotics, cultural values) to ensure effective cooperation.

The SCS expands the international legal framework to ensure effective cooperation with the customs administrations of Ukraine's largest trade partners and the third countries.

Cooperation with authorised administrations of the EU member states is carried out based on Protocol II on mutual administrative assistance on customs issues to the EU-UA Association Agreement.

Efficient cooperation between customs administrations of Ukraine and the EU member states is ensured through the platform for exchanging requests and spontaneous information of the AFIS system, to which the authorised SCS's unit has an access.

In view of the fact, that the exchange of information and enforcement data is one of the WCO's tasks of the law enforcement strategy, a global network of Regional Law Enforcement Liaison Points (RILO) was created. RILO includes 11 regional offices.

RILO is a regional centre for data collection and analysis, as well as dissemination of information on trends, principles, routes and significant cases of smuggling and customs violations. Since 1995, Ukraine has become a full member of RILO-Warsaw.

Each WCO member state establishes a National Contact Point (NCP), which acts as a point of exchange of information between customs administrations, the relevant RILO and the WCO Secretariat.

The exchange of information and data is carried out with support of the Customs Law Enforcement Network (CEN), which is located on the worldwide Internet. CEN is designed as a global information and analytical system for the exchange of law enforcement information on the state of combating violations of the current legislation of the customs services of the WCO member states.

AFIS is a general term for setting anti-fraud IT applications managed by OLAF within a common technical infrastructure. The purpose of these programs is the timely and secure exchange of fraud-related information between competent

national and EU administrations. AFIS also supports storage and analysis of relevant data.

AFIS applications include the Customs Information System (CIS).

It's required more detailed research of the technical documentation and familiarisation with the functionality at the level of systems implemented in the customs service of one of the EU countries.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

20. A working relationship must be established with economic operators, also to develop and implement trade facilitation measures.

The MoF and the SCS interact with economic operators and business communities through the relevant community councils, which are established on both platforms (the MoF and the SCS).

The MoF and the SCS regularly hold working meetings with community councils' members, as well as meetings with a number of business associations and chambers, in which they discuss draft legal acts and practice of their application, practical problematic issues etc.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

21. A communication function must be established to build up public and governmental confidence in customs.

The MoF and the SCS carry out their communication through all available communication channels:

- official web-sites and web-portals;
- social networks' pages and Telegram channels;
- seminars, meetings, other information activities;
- publications in the leading mass medias, interviews, including on TV;
- usage HelpDesk channel for NCTS and CTP issues.

Moreover, the communication process with representatives of community councils, business associations and other chambers is established through signing relevant agreements and memoranda.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

22. The customs administration must have the support of customs laboratories which are capable of establishing, when necessary, the nature of goods in view of their tariff classification, and thus to allow for the correct customs treatment of such goods. Customs laboratories also provide support for the prevention of illegal traffic in goods.

There is a customs laboratory and a system of conducting customs researches (analyses, examinations) in the structure of the SCS. The system of customs researches (analyses, examinations) is built according to the territorial principle. The customs laboratory is presented in the form of the Specialized Laboratory for Expertise and Research of the SCS (the SCS's SLER). The SCS's SLER is located in Kyiv (central office), and its separate units are located in Dnipro, Odessa, Kharkiv, Lviv, Uzhhorod, Chernivtsi. The appropriate local customs authorities of the SCS are assigned to the each separate unit of the SCS's SLER. All separate units of the SCS's SLER are equipped, have developed methods of product research and relevant educated employees according to requirements of the WCO.

According to set tasks the customs laboratory make the following:

research (analyses, examinations) of samples of goods within the customs control and customs clearance procedure to establish the characteristics required for identification of goods (determination of their composition, physical, physico-chemical characteristics, etc.); classification of goods according to Ukrainian Commodity Coding System; checking the declared customs value of goods; determining the country of origin of goods, checking authenticity of the data specified in the certificate of origin of goods from Ukraine; determining whether the goods contain narcotics, drugs, precursors, psychotropic or similar substances, potent or poisonous substances;

- expert support for the SCS to prevent and counter smuggling, as well as fight against customs related offences;

- preliminary asset valuation of confiscated goods for violation of customs rules.

The SLER's units also carry out tests of food and feed products, alcohol, beverages and components for their manufacturing, tobacco and tobacco products, biologically active substances, medical products, veterinary products, plant protection products, inorganic substances, products of organic and inorganic chemistry, ceramic products, metals and products made from them, mineral fuels, oil and oil products, paints and varnishes, perfumery and cosmetic products, paper and textile products, polymer materials, carry out forensic, engineering-technical and commodity examination of goods. For the researches the SLER's expert units use current international and national standards.

Regarding the assistance of customs laboratories in the prevention of illegal circulation of goods

Relevant procedural actions are to be conducted to get indispensable evidence in the case of violation of customs rules. One type of these actions is conducting

laboratory examinations.

The examination is should be carried out by SLER's experts. The results of the conducted examination are taken into account when considering a case of violation of customs rules and making a decision on bringing a person to administrative liability.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

23. A mechanism for cooperation between customs and other enforcement agencies must be developed and implemented.

According to the first part of art. 558 of the CCU the customs authorities interact with law enforcement agencies to conduct their assigned tasks based on the procedure established by law. This interaction includes exchanging of information arranged based on the relevant agreements signed with Ukraine's the State Bureau of Investigation, the National Police, the National Anti-Corruption Bureau, the Bureau of Economic Security, the National Agency for the Corruption Prevention.

One of the prevention measures of illegal movement of goods across Ukraine's customs border conducting by the customs authorities instructions (re-inspections) of goods based on written requests from law enforcement authorities as part of criminal proceedings. Obtaining such a requests is one of the grounds for which the customs authority can conduct an inspection (re-inspection) of goods and commercial vehicles.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

24. A post-clearance control and audit management system must ensure efficient, quality- controlled audits.

The provisions of art. 345-354 of the CCU and the relevant orders of the MoF regarding the planning of post-clearance controls (customs audits), fixing their results and results of reconciliation checks with other economic operators are mainly consistent with relevant provisions of the UCC regarding the post-release controls to be conducted by the customs authorities.

To improve the efficiency and quality of post-clearance control, the State Customs Service has completed the development of the Customs Audits module.

The "Register of Tax Notices-Decisions" module operates as part of the Single Automated Information System of Customs Authorities.

These modules are designed to implement electronic communication with foreign economic operators, exchange information with tax authorities, the Treasury, and other executive authorities, and integrate into their automated systems.

Currently, the Customs Audits module is operating in functional testing mode,

on the basis of which the customs authorities are implementing a pilot project for post-clearance control, implemented by the Order of the State Customs Service of August 21, 2023 No. 411 "On the Implementation of a Recommendation and Technical Pilot Project for Post-Clearance Control".

This pilot project concerns the practical implementation of the requirements of Article 337-1 of the CCU regarding the receipt of additional documented information from declarants regarding goods whose customs clearance has been completed for its further assessment, both as risks of violation of customs legislation that may be triggered during customs clearance of goods and for deciding on the need to conduct desktop audits of compliance with the requirements of Ukrainian customs legislation.

The transformation of the functionality of the Customs Audits module will depend on the adoption by the Verkhovna Rada of Ukraine of the Draft Law of Ukraine "On Amendments to the Customs Code of Ukraine on the Implementation of Certain Provisions of the Customs Code of the European Union" (Reg. № 10411 dated January 16, 2024), according to which amendments may be made to the provisions of Article 337-1 of the CCU regarding post-clearance control and desktop audits of compliance with the requirements of Ukrainian customs legislation.

Additionally, in order to introduce unified approaches to pre-clearance analysis and desktop audits by customs, the Customs Audits module contains electronic checklists with a list of issues to be worked out during pre-clearance analysis (post-clearance control) and desktop audits of compliance with the requirements of Ukrainian customs legislation.

The "Register of Tax Notices-Decisions" module is in trial operation and is designed to maintain registers of customs duties payable based on the results of desktop audits conducted after the release of goods, the status of their approval, appeal in administrative and/or judicial proceedings, payment and payment arrears.

Additionally, it is envisaged to maintain a database of desktop audits (copies of acts and annexes thereto, calculations of tax and monetary liabilities, tax assessment notices, decisions of the State Customs Service following administrative appeals and court decisions following appeals against tax assessment notices).

The State Customs Service has a product-based data exchange service with the State Tax Service regarding tax assessment notices issued by customs authorities for their inclusion in the Unified Register of Tax Assessment Notices of Controlling Authorities Sent (Delivered) to Taxpayers and the data required for the State Tax Service to take measures to collect tax debt, the Procedure for Interaction of Information Systems of the State Tax Service of Ukraine and the State Customs Service of Ukraine on the Exchange of Information Required for the Administration of Taxes, Duties and Other Mandatory Payments.

The Law of Ukraine dated March 20, 2024 No. 3613-IX "On Amendments to the Customs Code of Ukraine and Other Laws of Ukraine on Peculiarities of Customs Control and Customs Clearance of Certain Categories of Goods" (not

entered into force, sent to the President of Ukraine for signature on March 26, 2024) resumes desktop audits of compliance with the legislation of Ukraine on customs matters from May 1, 2024.

25. The customs valuation procedures must be transparent, objective and verifiable and compliant with international rules.

The procedure and methods for determining the customs value of goods moved across Ukraine's customs border are established by Title III of the CCU and are based on the provisions of Article VII of the General Agreement on Tariffs and Trade (the GATT) and the Agreement on the Application of Article VII of the GATT.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

26. Procedures must be in place that allow for the correct implementation of the rules relating to both non-preferential and preferential origin, including the issuance of binding advance.

The rules for determining the non-preferential origin of goods are defined in Section II of the CCU and in the resolution of the CMU "On the procedure for establishing and applying the rule of ad valorem share and performance of production and technological operations" dated December 20, 2006 No. 1765 (as amended).

The amendments allowed to the Customs Code of Ukraine regarding bringing the procedure for determining the country of origin of goods in line with the Union Customs Code and ensuring the implementation of Ukraine's free trade agreements (Law No. 3261-IX) finalise domestic procedures for implementation of modernised (alternative) preferential rules of origin as an updated Annex to the EU-Ukraine Association Agreement, and to fully align Ukrainian customs legislation on non-preferential rules of origin with the EU legislation.

Pursuant to Law No. 3261-IX, the Government adopted Resolution No. 1184 dated November 10, 2023 "On approval of the definition of the concept of originating products and methods of administrative cooperation in accordance with the Association Agreement".

The rules of preferential origin are determined on the basis of the laws of Ukraine, as well as international treaties of Ukraine, which have been approved by the Verkhovna Rada of Ukraine as binding.

Ukraine has concluded multilateral international agreements on free trade with the EU, EFTA, CIS countries and bilateral international agreements with the United Kingdom of Great Britain and Northern Ireland, Montenegro, the Republic of North Macedonia, Canada, Georgia, the State of Israel and individual CIS countries.

In 2023 the following preferential trade agreements were revised:

Decision No. 1/2022 of the Joint Committee established under the Free Trade Agreement between Ukraine and the Republic of Macedonia on the replacement of Protocol B to the Free Trade Agreement between Ukraine and the Republic of Macedonia entered into force on July 06, 2023;

Decision No. 2/2022 of the Joint Committee established in accordance with the Free Trade Agreement between Ukraine and the Republic of Macedonia on the replacement of Protocol C to the Free Trade Agreement between Ukraine and the Republic of Macedonia on the definition of “origin of goods” and the methodology for administrative cooperation entered into force on July 06, 2023;

Decision No 1/2023 of the EU-Ukraine Customs Sub-Committee of 16 November 2023 amending the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part, by replacing Protocol I thereto concerning the definition of the concept of originating products and methods of administrative cooperation. The decision of the Sub-Committee was published in the Official Gazette of Ukraine dated November 24, 2023 No. 94 (p. 192) and has been in effect since December 01, 2023.

27. Rulings on origin determination and the cooperation with other countries' authorities for the verification of proof of origin, in accordance with international obligations.

In accordance with Article 45 of the CCU and international free trade agreements, in case of doubts about the validity of documents on the origin of the goods or the authenticity of the information contained in them, including information on the country of origin of the goods, the customs authority are allowed to contact the competent authorities issued the document or the competent organizations of the country, specified as the country of origin of the goods, with a request to verify these documents on the origin of the goods or provide additional information.

According to international agreements on the free trade, the SCS performs verification (authenticity check) of certificates of origin of goods from Ukraine in accordance with the procedure established by the Resolution of the CMU No. 1029 dated December 9, 2015.

This check is to be performed by the customs authorities at the request of foreign customs authorities, including in the case of granting tariff preferences to Ukrainian goods.

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

28. There must be an appropriate transit system, based upon the rules of Community Transit and the Common Transit convention, which supports the

effective control of transit operations, facilitates legitimate trade and the movement of legitimate goods, using modern technology (New Computerised Transit System - NCTS, interoperating via the secure Common Communications Network/Common Systems Interface - CCN/CSI).

In 2023, more than 33.6 thousand operations initiated by the customs authorities of Ukraine were successfully completed in the countries participating in the Convention on a Common Transit Procedure. At the same time, more than 7.6 thousand operations initiated in other countries participating in the Convention were successfully completed in Ukraine.

In total, since the start of the application of the common transit procedure in Ukraine (from October 1, 2022), customs officers have issued 65 thousand transit declarations.

During October 2022 - March 2024, the total number of transit declarations for entry into the Ukraine exceeded 12 thousand, of which more than 1.5 thousand was issued in March 2024. The top 5 countries of departure are Poland, Turkey, Germany, Lithuania and Belgium.

The number relocations started in Ukraine exceeded 53 thousand, of which more than 7 thousand – in March 2024. The top 5 destination countries include Poland, Germany, Lithuania, Romania and the Czech Republic.

As for guarantees under the common transit procedure, in 2023, in accordance with the terms of the Convention on the Common Transit Procedure, 46 comprehensive guarantees and 2997 individual guarantees were registered in the NCTS guarantee management system.

Since October 1, 2022, the State Customs Service has registered 74 comprehensive guarantees in the NCTS guarantee management system (as of the beginning of April 2024, 50 are in force) and 6047 individual guarantees (as of the beginning of April 2024, 5420 are valid).

Also, the State Customs Service has ensured systematic monitoring of the movement of goods under the common transit procedure and initiating, if necessary, requests for information (investigation) to establish the facts of customs debt in relation to goods placed under the common transit procedure. The State Customs Service processed more than 800 requests sent by the customs administrations of foreign countries and initiated more than 600 requests for information on the proper completion of the common transit procedure to the customs administrations of the countries participating in the Convention.

Currently, the State Customs Service is taking active measures to switch to the use of NCTS Phase 5. Thus, NCTS Phase 5 compliant software has been deployed on the servers of the State Customs Service and its testing for compliance with the requirements of DG TAXUD (Conformance Testing) has been successfully completed, which confirms the operability of the system deployed in the State Customs Service and the ability to interact with other countries participating in the Convention on a Common Transit Procedure. Also, in order to minimize the risks of

business transition to the use of NCTS Phase 5, the State Customs Service has deployed the Trader Portal on the servers of the State Customs Service, which is an alternative to brokerage software IT solution for filing declarations in NCTS Phase 5. At the same time, it is possible to submit T1 declarations through the Single Window for International Trade and relevant video instructions have been developed.

The transition to NCTS Phase 5 is scheduled for April 22, 2024.

In 2023, the use of NCTS was expanded and businesses were attracted to authorize the use of transit simplifications in accordance with the Convention.

In 2023, 57 companies were assessed for compliance and 182 authorizations for the use of transit simplifications were granted.

Since October 1, 2022, 303 authorizations have been granted for the application of transit simplifications.

29. An Integrated Tariff Management System (ITMS) capable of interfacing with EU systems via the aforementioned secure CCN/CSI network must be in place, which meets the user requirements of the customs administration. In particular, the following IT systems/databases should be in place:

- **The online customs tariff database (TARIC)**

Currently the SCS uses the software and information complex "Integrated Customs Tariff", information from the databases of which is available both through the Automated System of Customs Clearance (ASCC) interface and through the interface of the Single Window for International Trade (<https://cabinet.customs.gov.ua/tnvinfo>).

This program and information complex contains information on the measures of tariff and non-tariff regulation in terms of codes of goods according to Ukrainian Commodity Coding System (UKTZED).

In 2023-2024, a detailed analysis of the interfaces with the system (in accordance with DG TAXUD documentation) is being conducted to develop a mechanism for interaction with the EU TARIC system.

- **Management of EU tariff quotas (Quota)**

Currently the SCS implemented quota management in both ASCC and in the software and information complex "Integrated Customs Tariff".

In 2023-2024, a detailed analysis of the interfaces with the system (in accordance with DG TAXUD documentation) is being conducted to develop a mechanism for interaction with the EU Tariff Quota Management system.

Surveillance 3 (collection and transmission of data extracted from declarations for release for free circulation and for export)

The project is aimed in modernization of the Surveillance 2+ system to ensure compliance with the UCC requirements, such as standard information exchange through electronic data processing tools and the introduction of functionality required to process and analysis the full set of surveillance data received from EU member states.

The issue requires more detailed research of the technical documentation and familiarisation with functionality at the level of systems implemented in EU customs authorities (e.g. on the example of one of EU countries).

No relevant developments during the reporting period.

• Suspensions

The suspension of tariffs was adopted based on art. 31 of the Treaty on the Functioning of the European Union.

Thus, it should be noted that goods imported in accordance with agreements on the suspension of tariffs are in free circulation and enjoy freedom of movement throughout the territory of the EU. Furthermore, once a suspension is granted, generally any economic operator in any member state is entitled to exercise it.

The main purpose of the suspension of tariffs is to allow EU economic operators to use raw materials, semi-finished products or components without having to pay the usual duties under the Common Customs Tariff.

The issue requires more detailed research of the technical documentation and familiarisation with functionality at the level of systems implemented in EU customs authorities (e.g. on the example of one of EU countries).

No relevant developments during the reporting period.

• UCC Binding Tariff Information (UCC BTI)

In the first quarter of 2024, the development of the software and information complex (the PIC) "Binding Tariff Information decisions" was completed and put into trial operation (Order of the State Migration Service of Ukraine No. 251 dated 27.02.2024).

The revised ASCC and the Personal Cabinet on the Single Window for International Trade portal now provide a fully paperless service for the entire life cycle of such decisions. Users can submit applications electronically, correspond with customs during the decision-making process, or initiate its revocation through the "My Applications" section of the Personal Cabinet.

In addition, all BTI decisions are published on the Single Window for International Trade portal in the Registers and Public Information section, ensuring

that this data is open and publicly available to all participants in foreign economic activity.

● **UCC Special procedures**

The purpose of this project is to speed up, facilitate and harmonize special procedures throughout the Union by introducing common models of business processes. National systems will implement all changes provided by the UCC, which are necessary for the customs procedures of customs warehousing, end-use, temporary admission, processing in the and outside of the customs territory of Ukraine.

The implementation of the project will be divided into two components:

- Component 1 - "National Special Procedures for Exports" (National SP EXP): provides the necessary national electronic solutions for the operation of special procedures related to exports.

- Component 2 - "National Special Procedures for Imports" (National SP IMP): provides the necessary national electronic solutions for the operation of special procedures related to imports.

The issue requires more detailed research of the technical documentation and familiarisation with functionality at the level of systems implemented in EU customs authorities (e.g. on the example of one of EU countries).

No relevant developments during the reporting period.

● **Specimen Management System (SMS)**

The customs authorities of Ukraine received access to the sample management system (SMS) of DG TAXUD through the CCN/CSI network upon joining the Convention on the Common Transit Procedure and fills it with the information provided for the countries participating in the CTP Convention (samples of seals, seals, etc.)

No relevant developments during the reporting period.

● European Customs Inventory of Chemical Substances (ECICS): there is currently no IT support required, nevertheless new IT interoperability and accessibility projects will have to be implemented.

The Law of Ukraine "On Ensuring Chemical Safety and Management of Chemical Products" facilitates harmonization of Ukrainian legislation with European legislation in field of registration of chemical substances (REACH regulation) and labelling/packaging of chemicals (CLP regulation). To systematise information about chemical substances in Ukraine, the State Register of Chemical Substances and the Register of Hazard Classification and Elements of Information

on the Hazards of Chemical Products is to be created.

Interaction between the specified Register and the customs authorities is possible within the framework of the application software interface (API) to the Single Window for International Trade.

The issue requires more detailed research of the technical documentation and familiarisation with functionality at the level of systems implemented in EU customs authorities (e.g. on the example of one of EU countries).

No relevant developments during the reporting period.

30. IT interoperability and accessibility systems will have to be implemented in accordance with the security and modernization aspects of the EU Union Customs Code:

• An Export Control System (ECS), an Import Control System (ICS2), the Application for Authorised Economic Operators (AEO) and for Economic Operators Registration and Identification (EORI2).

ICS 2

The purpose of this program is to enhance the safety and security of goods arriving in the territory of the EU prior to their arrival by implementing the UCC requirements for the submission and processing of ENS, namely the provision of ENS data in more than one application and/or by different persons, as well as the exchange of such data and the results of risk analysis between the customs authorities. ICS2 will contribute to the creation of a completely new system architecture and step-by-step replacement of the existing trans-European ICS system.

Currently implemented in the State Customs Service as part of the current ASCC. Work is underway to transfer functionality to the updated ASCC.Center (centralized architecture).

In 2023-2024, a detailed analysis of the interfaces with the system (in accordance with DG TAXUD documentation) is being conducted to develop a mechanism for interaction with the EU ICS2 system.

AEO

AEO procedure and rules were adopted on a legislative level with support of the MoF's RST.

The aim of IT part of the project is to improve AEO applications and authorizations business processes at the EU level, taking into account changes in the legal provisions of the UCC.

During the first phase, the project is aimed to introduce significant improvements to the AEO system within the framework of harmonization IT related procedures for the development and adoption of customs decisions.

During the second phase, an electronic form for AEO applications and decisions will be implemented and businesses will be provided with a harmonized interface to submit AEO applications and receive AEO decisions electronically.

In Ukraine, it is planned as part of the System of Management of Decisions of Customs Authorities (the CDS.UA). To develop and implement the CDS.UA, the Technical Requirements, Terms of Reference and Technical Specification for the development of the software product were developed with the support of the EU4PFM project. These documents were approved by the decision of the Commission on the Implementation and Development of Information, Communication and Digital Technologies in Customs of the State Customs Service. Currently, the program code is being developed.

EORI2

The goal of this project is a minor modernization of the existing trans-European EORI system, which, in turn, seeks to ensure the availability of up-to-date information on registered exporters within the data on economic entities to support exports to GSP countries.

The SCS has a PIC "Participants of foreign economic activity", which contains detailed information on all subjects of foreign economic activity. The database of this PIC is available through the appropriate interfaces both in ASCC and in the Single Window for International Activities.

In 2023-2024, a detailed analysis of the interfaces with the system (in accordance with DG TAXUD documentation) is being conducted to develop a mechanism for interaction with the EU EORI2 system.

● **The risk information management application (RIF)**

The Common Customs Risk Management System (CRMS) is designed to provide a fast and easy-to-use mechanism for the exchange of risk-related information directly between operational officers and risk analysis centres in all EU member states.

It facilitates the involvement of EU customs authorities in the case of the highest risks at external and internal borders and, thus, is an integral element in the development of the EU risk management system. It consists of a Risk Information Form (RIF), which is filled in online and instantly made available to all connected customs offices.

RIF is an effective means of ensuring a consistent level of customs control at the external border of the EU in relation to identified new risks, thus offering the necessary level of protection of citizens and financial interests of the EU and its member states, while ensuring equal treatment of traders throughout the EU.

Currently, the SCS uses the Automated Risk Management System (ARMS), which is an integral part of the Single Automated Information System of Customs Authorities of the customs authorities and is connected to the ASCC via the web

services mechanism.

Work is underway to transfer the functionality to the new development of ARMS.Center (centralized architecture).

Before joining the EU, Ukraine was limited in terms of studying technical documentation and familiarizing itself with the functionality of the RIF (CRMS) system implemented in the EU. With the consent of the EU side, Ukraine is ready to process the available information on the functioning of the system.

- **The registered exporter system (REX)**

The project aims to ensure the availability of up-to-date information on registered exporters domiciled in Generalized System of Preferences (GSP) countries that export goods to the Union. This is a trans-European system, and it also includes data on EU entities supporting exports to GSP countries.

With the introduction of the the EU-Ukraine Association Agreement, the GSP for goods originating in Ukraine was cancelled.

Currently, the GSP is not applied in Ukraine.

- **The UCC Customs Decisions System**

The aim of the project at the EU level is to harmonize the process of applying for customs decisions, decision-making and decision management by standardizing and electronically managing applications and data on decisions/authorizations across the EU.

A similar IT solution is being developed in Ukraine - the Customs Decision System (CDS.UA), which will be generally similar in data structure and exchange formats to the models and rules described in the DG TAXUD technical documentation.

To develop and implement the CDS.UA, the Technical Requirements, Terms of Reference and Technical Specification for the development of the software product were developed with the support of the EU4PFM project. These documents were approved by the decision of the Commission on the Implementation and Development of Information, Communication and Digital Technologies in Customs of the State Customs Service. Currently, the program code is being developed.

- **The Uniform User Management and Digital signature**

The objective of this project is to provide working solutions for direct and EU harmonized access for traders as a user-system interface service that will be integrated into the electronic customs systems as defined in specific projects under the UCC. The unified user and digital signature management system will be integrated into the portals of the respective electronic systems. It includes support

for user identification, access, and management in accordance with the required security policies.

The first deployment took place in conjunction with the Customs Decision System under the UCC.

In the future, this technical solution for authentication and user management will be available for use in other projects under the UCC, such as Binding Tariff Information (BTI), Modernized Authorized Economic Operator (AEO) Management System, Proof of Union Status (PoUS) and Information Letters (INF) for special procedures.

Currently, the SCS uses a qualified electronic signature (hereinafter referred to as the "QES") on a secure medium to access the ASCC.

For access to the cabinet on the SWIA for foreign economic operators, a QES or an advanced digital signature is also used for identification and authorization.

Information interaction between the guarantors (including within the NCTS) and the customs authorities is carried out by means of electronic communication by sending messages in electronic form, which are electronically signed by the guarantor and/or customs official (unless otherwise provided by international agreements ratified by the Verkhovna Rada of Ukraine), or using the means of the integrated electronic identification system.

The Law of Ukraine No. 2919-IX dated February 7, 2023 "On Amendments to the Customs Code of Ukraine on Electronic Identification and Electronic Trust Services" introduced the following amendments to the CCU. (<https://zakon.rada.gov.ua/laws/show/2919-20#n2>).

In addition, the President of Ukraine signed the Law of Ukraine No. 2801-IX dated December 1, 2022 "On Amendments to Certain Legislative Acts of Ukraine on Ensuring the Conclusion of an Agreement between Ukraine and the European Union on Mutual Recognition of Qualified Electronic Trust Services and Implementation of the European Union Legislation in the Field of Electronic Identification" (<https://zakon.rada.gov.ua/laws/show/2801-IX#Text>), which will mutually recognize qualified electronic trust services and implement EU legislation on electronic identification.

As a result, about 90 laws of Ukraine on electronic trust services and electronic identification services will be brought in line with EU standards.

Ukraine will recognize the following:

- the status of European qualified providers;
- the status of qualified electronic signature or seal used by EU qualified providers in the provision of electronic trust services;
- a list of trust lists of EU member states, information on which is published by the European Commission.

This will allow Ukrainians to use qualified signatures obtained in the EU to

have services in Ukraine. It will also simplify electronic interaction with EU partners when doing business.

No relevant developments during the reporting period.

● **The IT system concerned with the proof of the customs status of goods (PoUS)**

The aim of the project is to create a new trans-European system for storing, managing and receiving confirmations of the T2L/F Union status and the Customs Cargo Manifest (issued by a non-authorized issuer). Since the implementation of the customs cargo manifest is linked to the Single European Maritime Window, this part of the project will be implemented in the EU in a separate phase.

The SCS has not implemented such functionality at the moment, it is planned to be implemented within the framework of the "Sea Checkpoint Journal" project.

In 2023-2024, a detailed analysis of the interfaces with the system (in accordance with DG TAXUD documentation) is being conducted to develop a mechanism for interaction with the EU PoUS system.

● **The IT system concerned with the centralized clearance for Import (CCI)**

The aim of the project at the EU level is to enable goods to be placed under customs clearance using centralized customs clearance, which allows economic operators to centralize their businesses from a customs perspective. The processing of the customs declaration and the physical release of goods must be coordinated between the relevant customs offices. This is a trans-European system that has components developed both centrally and at the national level.

Currently, the SCS has implemented it as part of the existing ASCC and is working on transferring the functionality to the updated ASCC.Center (centralized architecture).

In 2023-2024, a detailed analysis of the interfaces with the system (in accordance with DG TAXUD documentation) is being conducted to develop a mechanism for interaction with the EU CCI system.

● **The Automated Export System.**

This project aims to implement the UCC export and disposal requirements.

Component 1 - "Trans-European AES".

The objective of this project is to further develop the existing trans-European export control system to implement a full AES covering the business requirements for processes and data set by the UCC, including simplified procedures, separation of shipments for departure, and centralized customs clearance of goods for export.

It will also cover the development of harmonized interfaces with the Excise Movement Control System (EMCS) and NCTS. As such, the AES will enable full automation of export procedures and exit clearance. The AES refers to the parts to be developed at the central and national level.

Component 2 - "Modernization of national export systems".

In addition, for processes that are not included in the AES but are closely related to it, individual national systems will be modernized to add specific national elements for export and/or disposal clearance. If such elements have no impact on the sectoral coverage of the AES, they may be covered by this component.

In the SCS the functionality of the national export customs clearance system is currently implemented in the AES, and work is underway to transfer the functionality to the ASCC.Center (centralized architecture).

In 2023-2024, a detailed analysis of the interfaces with the system (in accordance with DG TAXUD documentation) is being conducted to develop a mechanism for interaction with the EU AES system.

• The IT system for the management of guarantees for a potential or existing customs debt (GUM).

The aim of this project at the EU level is to ensure efficient and effective management of different types of guarantees.

Component 1 - GUM: The Trans-European system will cover the management of complex guarantees that can be used in more than one member state and the monitoring of the reference amount for each customs declaration, supplementary declaration or relevant information on the data required for the crediting of existing customs debts for all customs procedures as provided for by the ICS, except for transit, which is part of the NCTS project.

On April 24, 2023, the SCS web service was launched, which allowed guarantors entitled to guarantee the movement of goods under the common transit procedure to submit guarantees electronically. Thus, the interaction between the SCS, guarantors and holders of the procedure regarding the registration of a guarantee in the NCTS and obtaining data for working with it will take place in electronic form. The structure and format of the messages are defined by the order of the SCS dated April 13, 2023 No. 143 "On Electronic Registration of Guarantees for the Purposes of Common Transit".

Component 2 - National Guarantee Management Systems: - Modernization of electronic systems existing at the national level to manage guarantees that apply to one Member State.

In the first quarter of 2024, the development of the new software and information complex "Digital Guarantee Management System" of the ASCC.Center was completed and put into trial operation by Order of the State Customs Service No. 252 dated February 27, 2024.

Software and information complex “Digital Guarantee Management System” ensures electronic exchange of data and storage of information on securing payment of customs duties provided under the simplified terms of “comprehensive guarantee”, “comprehensive guarantee with a 50 percent reduction in the level of the comprehensive guarantee”, “comprehensive guarantee with a 70 percent reduction in the level of the comprehensive guarantee”, “guarantee waiver” and in the form of an individual guarantee.

• Participation in the development of the interoperability between customs administrations and other administrations or agencies involved in customs transactions within the same Member State; accessibility for the trade community (System Portal for Entry or Exit of Data (SPEED)).

The State Customs Service of Ukraine and the Romanian Customs Authority have completed a successful eCustoms pilot to enhance the facilitation of trade. They tested the exchange of electronic data at the Porubne-Siret BCP during 19-26 June 2023.

The Ukraine-Romania eCustoms pilot used the SEED (Systematic Electronic Exchange of Data) application.

During the 2nd stage of the pilot project, it is planned to exchange preliminary customs information using a limited set of data at the Porubne-Siret BCP. During the 3rd stage of the pilot project, it is planned to exchange preliminary customs information using a complete set of data not prohibited by Ukrainian and European legislation at all BCPs on the Ukrainian-Romanian section of the state border.

On March 8, 2024, in Istanbul, the Government of Ukraine and the Government of the Republic of Turkey signed an agreement on the establishment of a system for the electronic exchange of preliminary information on goods and vehicles moving between the parties.

Information on anti-corruption mainstreaming

Chapter 29 - Customs union: reference to anti-corruption and includes the additional dimension of the recommendations on the fight against smuggling, corruption and imports of counterfeited products.

In Ukraine, the Anti-Corruption Strategy for 2021-2025 has been adopted, which is being implemented through the State Anti-Corruption Programme for 2023-2025. The customs sector is designated as one of the priority areas of the Anti-Corruption Strategy and the Programme. A separate direction of the Programme - 2.3. Customs Affairs and Taxation, identifies the following key problems in this sector:

- Problem 2.3.1. Insufficient transparency and effectiveness of customs authorities, excessive discretionary powers of customs officers.

- Problem 2.3.2. Nontransparent approaches to classification of goods, determination of their customs value, and scheduling of audits.

- Problem 2.3.3. Flawed procedure for filing administrative appeals against actions of customs officials.

- Problem 2.3.4. Interference by law enforcement agencies in the work of customs authorities and abuses committed when an order to carry out re-inspection of goods is communicated.

To address the specified problems, the State Anti-Corruption Programme for 2023-2025 includes 38 measures. The content of these measures and information on the progress of their implementation as of December 31, 2023, can be found at the following link <https://dap.nazk.gov.ua/en/direction/9/>.

The National Revenue Strategy for 2024-2030 also contains a direct reference to the Anti-Corruption Program.

The Anti-Corruption Program highlights such approaches:

- adherence to the integrity standards of civil service;
- intolerance towards corruption and prioritization for observance of rights and interests of individuals or legal entities;
- HR potential development;
- efficiency and legitimacy of disposal of budgetary funds;
- transparency of the processes during preparation and adoption of public decisions;
- creation of mechanisms for partnership with civil society institutes, cooperation with business-associations, governmental and non-governmental organizations.

One of the vital components of the Anti-Corruption Program is assessment of corruption risks.

Order of the State Customs Service No. 449 dated October 14, 2022 established a Working group on corruption risk assessment, approved its personnel and regulations. It determined 24 functions potentially susceptible to corruption and 28 corruption risks of different levels within these functions (Annex 3 to the Anti-Corruption Program).

In accordance with the provisions of Article 13-1 of the Law of Ukraine "On Prevention of Corruption", in order to organize and implement measures to prevent and detect corruption, authorized units (authorized persons) for the prevention and detection of corruption are established (determined) in state bodies. In the State Customs Service of Ukraine, such a unit is the Division for Prevention and Counteraction to Corruption (the responsible structural unit), whose main tasks, in particular, are to develop, organize and control measures to prevent corruption offenses and organize work on assessing corruption risks in the activities of the relevant body, preparing measures to eliminate them, and submitting relevant

proposals to the head of such body.

The responsible structural unit and the Working group monitor and evaluate the effectiveness of the implementation of the Anti-Corruption Program of the State Customs Service.

Statutory rules and code of ethics were approved by the Order of the State Customs Service of Ukraine No. 668 "On Approval of the Code and Rules of Ethical Conduct for Employees of the State Customs Service of Ukraine" dated September 02, 2021.

The responsible structural unit in accordance with the Anti-Corruption Program:

- take measures to identify conflicts of interest, facilitate their settlement, inform the head of the State Customs Service and the National Agency for the Prevention of Corruption about the identification of conflicts of interest and measures taken to resolve them;

- verify the fact of submission of declarations by the subjects of declaration to the State Customs Service of a person authorized to perform the functions of the state or local self-government and notify the National Agency for the Prevention of Corruption of cases of failure to submit or late submission of such declarations in accordance with the Law.

On October 12, 2023, the Law of Ukraine dated September 20, 2023 No. 3384-IX "On Amendments to Certain Laws of Ukraine on Determining the Procedure for Submitting Declarations of Persons Authorized to Perform State or Local Government Functions under Martial Law" came into force, amending the Law of Ukraine "On Prevention of Corruption" to restore the declaration procedure.

The State Customs Service checked the timeliness of submission of electronic declarations by the declaring entities in January-February 2024. Based on the results of the audit, the National Agency for Prevention of Corruption received 1,435 reports of failure to submit (1,327 reports) or late submission (108 reports) of declarations.

By Order No. 243 dated April 07, 2021, the State Customs Service approved the Regulations on the implementation of mechanisms to encourage whistleblowers and form a culture of reporting possible facts of corruption or corruption-related offenses and other violations of the Law of Ukraine "On Prevention of Corruption" in the State Customs Service and its territorial bodies.

A separate telephone line for whistleblower messages was set up, with the possibility of leaving voice messages, to process 100% of corruption notifications, even those received outside of business hours.

Separately, the possibility for whistleblowers to inform on corruption electronically by filling out a special form on the official website of the State Customs Service, which can also be accessed via QR codes, has been developed and implemented.

The official web portal of the State Customs Service contains publicly available information for citizens and business representatives that allows them to be aware of the customs control procedure, customs clearance procedures, and the list of documents to be submitted during customs control, which prevents possible illegal actions by customs officials.

In particular, there is access to such information:

- simplified customs clearance;
- the procedure for passing through the "red" corridor;
- the procedure for processing postal items;
- accounts for payment of customs duties;
- goods subject to restrictions;
- verification of customs declarations;
- the procedure for calculating customs payments;
- statistics on declaration, movement of goods;
- other open data.

In addition, information is published on:

- regulatory acts and administrative documents of the State Customs Service in the field of corruption prevention;
- monthly results of anti-corruption activities of the authorized units for the prevention and combating of corruption;
- channels for notification of possible facts of corruption or corruption-related offenses.

In order to enable persons to inform about possible corruption or corruption-related offenses by customs officials, the following information has been updated and posted on the official website of the State Customs Service:

- electronic mailboxes intended for whistleblower messages;
- official landline telephone numbers for whistleblower messages.

In total for 2023 136 messages about possible corruption or corruption-related offenses by customs officials were received and reviewed:

- 19 internal audits were initiated based on the reports received;
- 22 disciplinary proceedings were initiated;
- 10 persons were brought to disciplinary responsibility and one official was entered in the Unified State Register of Persons Who Committed Corruption or Corruption-Related Offenses;
- 66 reports were sent to law enforcement and other authorities, including 55 to specially authorized entities in the field of combating corruption;

- 27 general preventive measures and 65 individual preventive conversations were held to prevent corruption or corruption-related offenses.

Any major corruption risks in the sector and mitigating measures undertaken

The risks with the highest level include:

- The possibility of abuse of power by the officials who are responsible for Customs clearance or combat against smuggling/violations of Customs rules, i.e.: creation of the fictitious hindrances for the individuals or entities; creation of the non-existent exemptions or benefits for the individuals or entities.

- Exaction of bribes by the customs officials while carrying out the customs control.

- Improper customs control over compliance with the rules of movement of currency values across the customs border of Ukraine.

- Improper conduction of customs formalities by ignoring the risks or tampering with data bases.

- Potential illicit assistance in the minimization of customs payments by agreeing to the declared customs value or goods code which have not been confirmed in accordance to the documents or other available official sources.

- Appointments to the top positions.

Measures taken by the SCS:

- Recording the work process of customs officials with the help of body-cameras.

- Limiting corruption through the automatic circulation of preliminary customs information between UA and the EU.

- Use so-called intelligent border crossing devices, which are supposed to reduce interaction with customs officials.

- Implementation of integrity checks also by using a polygraph.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ make progress in areas related to customs procedures, customs debt and the application of guarantees as well as simplification of customs formalities, and with the development of a new Customs Code

In order to further harmonize customs legislation with EU legislation, in particular in the areas of customs procedures, declaration, customs representation,

development of AEO and NCTS programs, the Government prepared and submitted to the Verkhovna Rada of Ukraine the Draft Law "On Amendments to the Customs Code of Ukraine on the Implementation of Certain Provisions of the Customs Code of the European Union" (registration No. 10411 of January 16, 2024).

According to the conclusion of the Committee of the Verkhovna Rada of Ukraine on Finance, Taxation and Customs Policy dated March 15, 2024 (Minutes No. 167) following the consideration and discussion of Draft Law No. 10411, the Committee decided to recommend to the Verkhovna Rada of Ukraine to adopt Draft Law No. 10411 as a whole following the first reading with the instruction to the Committee to finalize the said Draft Law taking into account the proposals and amendments of the subjects of the right of legislative initiative, as well as taking into account the proposals made in this conclusion of the Committee in accordance with part one of article 116 of the Rules of Procedure of the Verkhovna Rada of Ukraine and submit it to the Verkhovna Rada of Ukraine for consideration in the second reading.

The draft law is currently being actively considered by the Verkhovna Rada Committee on Finance, Taxation and Customs Policy with the participation of business representatives, the Ministry of Finance, the State Customs Service and MPs.

The Ministry of Finance, together with the State Customs Service and with the support of the EU4PFM project and the Reform Support Team at the Ministry of Finance, started preparing the new Customs Code of Ukraine.

In order to organize the work, the Ministry of Finance adopted an order establishing expert teams for the preparation of certain structural units of the draft of the new Customs Code of Ukraine, a coordination and organizational and technical team and a team for providing expert support for the translation of EU acquis. The algorithm of actions for the members of these teams has also been approved.

The teams include representatives of the Ministry of Finance, the State Customs Service, experts from EU4PFM projects and the Reform Support Team under the Ministry of Finance.

On February 29, the leadership of the Ministry of Finance and the State Customs Service held a kick-off meeting in Kyiv with the management of the EU Public Finance Management Support Program (EU4PFM) and representatives of the Reform Support Team of the Ministry of Finance to develop a new Customs Code of Ukraine based on the EU Customs Code.

The teams are tasked with preparing a basic draft of the new Customs Code of Ukraine based on the EU Customs Code for further discussion with a wider range of experts, civil society and business representatives who wish to participate in the development of the new Customs Code of Ukraine.

→ ensure the timely implementation of NCTS Phase 5

The State Customs Service is taking active measures to switch to the use of NCTS Phase 5. Thus, NCTS Phase 5 compliant software has been deployed on the servers of the State Customs Service and its testing for compliance with the requirements of DG TAXUD (Conformance Testing) has been successfully completed, which confirms the operability of the system deployed in the State Customs Service and the ability to interact with other countries participating in the Convention on a Common Transit Procedure. Also, in order to minimize the risks of business transition to the use of NCTS Phase 5, the State Customs Service has deployed the Trader Portal on the servers of the State Customs Service, which is an alternative to brokerage software IT solution for filing declarations in NCTS Phase 5. At the same time, it is possible to submit T1 declarations through the Single Window for International Trade and relevant video instructions have been developed.

The transition to NCTS Phase 5 is scheduled for April 22, 2024.

→ expand the use of the common transit procedure as well as the authorised economic operator (AEO) framework

In 2023, more than 33.6 thousand operations initiated by the customs authorities of Ukraine were successfully completed in the countries participating in the Convention on a Common Transit Procedure. At the same time, more than 7.6 thousand operations initiated in other countries participating in the Convention were successfully completed in Ukraine.

In total, since the start of the application of the common transit procedure in Ukraine (from October 1, 2022), customs officers have issued 65 thousand transit declarations.

During October 2022 - March 2024, the total number of transit declarations for entry into the Ukraine exceeded 12 thousand, of which more than 1.5 thousand was issued in March 2024. The top 5 countries of departure are Poland, Turkey, Germany, Lithuania and Belgium.

The number relocations started in Ukraine exceeded 53 thousand, of which more than 7 thousand – in March 2024. The top 5 destination countries include Poland, Germany, Lithuania, Romania and the Czech Republic.

As for guarantees under the common transit procedure, in 2023, in accordance with the terms of the Convention on the Common Transit Procedure, 46 comprehensive guarantees and 2997 individual guarantees were registered in the NCTS guarantee management system.

Since October 1, 2022, the State Customs Service has registered 74 comprehensive guarantees in the NCTS guarantee management system (as of the beginning of April 2024, 50 are in force) and 6047 individual guarantees (as of the beginning of April 2024, 5420 are valid).

Also, the State Customs Service has ensured systematic monitoring of the movement of goods under the common transit procedure and initiating, if necessary, requests for information (investigation) to establish the facts of customs debt in relation to goods placed under the common transit procedure. The State Customs Service processed more than 800 requests sent by the customs administrations of foreign countries and initiated more than 600 requests for information on the proper completion of the common transit procedure to the customs administrations of the countries participating in the Convention.

In 2023, the use of NCTS was expanded and businesses were attracted to authorize the use of transit simplifications in accordance with the Convention.

In 2023, 57 companies were assessed for compliance and 182 authorizations for the use of transit simplifications were granted.

Since October 1, 2022, 303 authorizations have been granted for the application of transit simplifications.

In 2023, the State Customs Service of Ukraine received 273 applications for authorisations from companies, of which 42% were for AEO authorisations and 58% were authorisations for application of simplifications. On the results of applications processing, the State Customs Service granted 22 AEO authorisations (one of which was to confirm Security and Safety) and 148 authorisations for the application of simplifications (including 147 authorisations in 2023).

Currently, 33 economic operators in Ukraine have granted 34 AEO authorizations (including one AEO Security and Safety (AEOS)).

Also, one economic operator is at the final stage of audit of the applicable criteria for granting AEOS status, and 2 more economic operators are under audit.

The Resolution of the Cabinet of Ministers of Ukraine No. 1092 dated September 27, 2022 "Some Issues of Implementation of the Provisions of the Customs Code of Ukraine on Granting Authorizations" was amended by Resolutions No. 1014 dated September 22, 2023, No. 137 dated February 09, 2024 to expand the use of the authorised economic operator programmes (AEO).

→ adopt legislation criminalising large-scale smuggling of all goods and build up administrative capacity to implement this

In order to introduce criminal liability for smuggling of goods in Ukraine, on December 9, 2023, the Law of Ukraine No. 3513-IX "On Amendments to the Criminal Code and the Criminal Procedure Code of Ukraine on Criminalization of

Smuggling of Goods" was adopted, which entered into force on January 1, 2024, with respect to the criminalization of smuggling of excisable goods, and will enter into force on July 1, 2024.

It should be noted that under the mentioned Law, the pre-trial investigation of criminal offenses related to smuggling of goods will be carried out by detectives of the Bureau of Economic Security of Ukraine.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

**CLUSTER 4: the Green Agenda
and Sustainable Connectivity**

CHAPTER 14 – Transport Policy

ЄШУА

УКРАЇНА

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ЄВРОПА

Answers to the Guiding Questions

1. GENERAL

• *What is the country's strategic framework for transport? Is there a Transport Strategy and /or action plan? Is the Transport Strategy in line with the European Smart and Sustainable Mobility Strategy, notably with its priorities?*

If not, when is the Transport Strategy planned to be drafted?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *What are the measures taken towards the implementation of the Transport Community Treaty?*

Ukraine is involved in the work of the relevant bodies of the Transport Community as observer.

• *Is the legislation aligned with the acquis on public services by rail and by road? Which measures have been undertaken in order to strengthen administrative capacity for all modes of transport? What are the direct results of the measures?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Has the law on air, railway and waterborne accident investigations been adopted and implemented? Has an independent accident investigation body been established?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *How is the notion of sustainable urban mobility addressed and the scale up of sustainable urban mobility plans (SUMPs) preparation and implementation – the cornerstone of EU urban mobility strategy?*

No relevant developments during the reporting period.

2. ROAD TRANSPORT

● ***Road safety*** – *To what extent has the EU acquis been adopted, implemented and enforced? Is there a lead agency for road safety and a national road safety strategy in place?*

The National Police of Ukraine is the executor of some tasks provided for the Annex 2 to the State Program for Improving Road Safety in Ukraine for the period up to 2023, approved by the Cabinet of Ministers of Ukraine on December 21, 2020, No.1287, which provides for a number of procurements to improve road safety. In particular, mannequins were purchased to practice cardiopulmonary resuscitation skills for the Patrol Police Department.

The police officers of the territorial units of the Patrol Police Department are constantly improving their theoretical knowledge and practical skills in the basics of medical care.

The Ministry of Internal Affairs of Ukraine is taking measures to join Eastern Partnership Regional Road Safety Observatory.

● ***Dangerous goods*** - *Has the legislation on dangerous goods been adopted? Does it include the rulebooks on transport of hazardous substances? Has a company, institution or other legal entity responsible for conducting the conformity assessment of the existing equipment law on carriage of dangerous goods been appointed?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***Market access for goods, passengers and pricing*** - *Has the legislation been aligned with the acquis on market access, the profession of road transport operators and digital tachographs? Regarding access to the haulage market, is the legislation aligned with the EU acquis? If not, when is it expected?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *To which extent is the legislation aligned with EU legislation on passengers' rights?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Regarding equal conditions of competition, is the legislation aligned with the EU acquis on maximum weights and dimensions of heavy-duty vehicles? To what extent is the legislation aligned with the acquis related to road*

charging/tolling?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Have the provisions of the acquis on access to the international market for coach and bus services been transposed?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Regarding the enforcement of social legislation, can you report on the developments in the areas of roadside checks, in enhancing the legal competence and capacity of inspection officers for enforcing the legislation, adopting and implementing rules on penalties for infringement of AETR provisions?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• When and how will the legislation be aligned with the EU social and market legislation, including the amendments introduced by Mobility Package 1, adopted in July 2020? A timeline for alignment for each relevant piece of legislation should be provided.

No relevant developments during the reporting period.

• Intelligent Transport Systems (ITS) - does the current national regulatory framework provide for the implementation of ITS? Is there sufficient capacity and resources for the implantation of the ITS?

National transport strategy of Ukraine for the period up to 2030, approved by order No. 430 of the Cabinet of Ministers of Ukraine dated May 30, 2018 and the Action Plan for the implementation of the National Transport Strategy of Ukraine for the period up to 2030, approved by the order of the Cabinet of Ministers of Ukraine No. 321 dated April 7, 2021, provide for the implementation of ITS. The Ministry for Communities, Territories and Infrastructure Development of Ukraine, together with interested state authorities and subordinate organizations, has collected the necessary data and is currently working on the finalization of the draft text of the updated National Transport Strategy of Ukraine for the period until 2030, the draft Action Plan for the implementation of the updated Strategy for 2023-2027, and the draft Plan for Monitoring the Achievement of Goals of the updated Strategy.

3. RAIL TRANSPORT

- ***Market access - Has the legislation on railways been adopted, implemented and enforced in accordance with the EU acquis?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Institutional framework - Has an independent safety authority, an accident investigating body and a regulatory authority been set up? What is the involvement of the Ministry responsible for transport in any management or decision-making process of these bodies?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Railway safety - has the legislation on railway safety been adopted, implemented and enforced?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Train drivers - Are train drivers licenced in accordance with EU acquis? Are the requirements met by establishing training centres, improving the necessary level of professional qualifications, training programs and examination methods and enhancing the procedure of issuing licenses and setting medical requirements for railways employees? To which extent is the legislation aligned with EU relevant legislation on social aspects?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Railway interoperability - Has the legislation on railway interoperability been adopted, implemented and enforced? Have the Technical Specifications for Interoperability been adopted? Are vehicle authorisations granted in accordance with EU rail interoperability acquis? Are registers set up and operational as requested by EU rail acquis?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***To which extent is the legislation aligned with EU legislation on passengers' rights?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

4. MARITIME TRANSPORT

- ***Market access - Has the legislation on maritime transport been adopted, implemented and enforced in accordance with the EU acquis?***

The order dated November 10, 2023 No. 1030 "On the approval of the Procedure for authorizing a classification society (recognized organization) to supervise the fulfillment of the requirements established by the legislation of Ukraine and international treaties of Ukraine in the field of merchant shipping on sea vessels" was adopted. The normative-legal act implements the norms stipulated by the Regulation of the European Parliament and the Council EC No. 391/2009 of April 23, 2009 on general rules and standards for organizations that carry out inspection and survey of ships, and the Directive of the European Parliament and the Council 2009/15 EU of 23 of April 2009 on general rules and standards for organizations of maritime administrations.

- ***Does the country have a maritime transport register with merchant vessels operating internationally under its flag? If so, what is the status of the flagged-fleet under the white/grey/black list of the Paris Memorandum of Understanding on port State control? Is the country a member of the International Maritime Organisation?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Are there maritime ports in the country? If so, is the country a member of a port state control (PSC) Memorandum of Understanding? Please provide information on the PSC activities carried out by the administration (number of inspectors, number of inspections carried out over the last five years).***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Do you have a coastline? If so do you have intention to establish a complete legislative and technological framework for maritime transport monitoring, through the adoption of necessary legislation ensuring alignment with the acquis on a Community vessel traffic monitoring and information system (VTMS)?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***If you have maritime ports, is there legislation in place governing maritime port services? If so, is it aligned with the Port Services Regulation (EU) 2017/352?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *To which extent is the legislation aligned with EU legislation on passengers' rights?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Does the country have any regulations for the decarbonisation of the maritime sector, similar to the EU ETS Regulation and the FuelEU Maritime Regulation? If, yes are these aligned with EU rules?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Did the country transport Regulation (EU) 2019/1239 on a European Maritime Single Window environment? Is there a Maritime National Single Window?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

5. INLAND WATERWAYS (IWW) TRANSPORT

• *Do you have navigable waterways, and which? Are these waterways connected with EU Member States or Transport Community (TCT) countries? If yes, which?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Which main international agreements on inland waterways have been signed? Which bilateral agreements with neighbouring countries have been signed?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *What is the current legislative framework for IWW and is it going to be further developed? In which priorities/areas and what are the upcoming milestones?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Are navigation certificates for inland waterway crew being issued, if so, what is the issuing authority? To which extent is the legislation aligned with the latest legislation on the recognition of crew qualifications, Directive 2017/2397 as amended by Directive (EU) 2021/1233? Will the formal request for recognition – in the EU – of those documents under Art.10.4 Directive (EU) 2017/2397 as amended by Directive (EU) 2021/1233 be requested? To which extent is the legislation aligned with EU relevant legislation on social aspects?*

On March 29, 2024, Order No. 265 was adopted "On the approval of the Regulation on the assignment and confirmation of qualifications of crew members of inland waterway vessels" which will establish conditions and procedures for the assignment and confirmation of qualifications of persons participating in the operation of vessels sailing on inland waterways, with taking into account Directive (EU) 2017/2397 of the European Parliament and the Council of December 12, 2017 on the recognition of professional qualifications in inland shipping and on the repeal of Council Directives 91/672/EEC and 96/50/EEC.

• *To which extent is the legislation aligned with the latest legislation on the technical requirements for inland vessels, Directive 2016/1629?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *To which extent is the legislation aligned with EU legislation on passengers' rights?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *What is the current institutional framework and what are the administrative capacities for the inland waterway sector? What are planned actions to overcome the identified obstacles?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

6. AVIATION

• *In which transitional phase of the ECAA Agreement is the country? What is the level of the alignment with the EU applicable requirements and standards?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *To which extent is the legislation aligned with the SES legislation?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *To which extent is the legislation aligned with EU legislation on aviation safety and social aspects?*

The State Aviation Administration of Ukraine also developed the Acceptable Means of Compliance (AMC) and Guidance Material (GM) to the Aviation Rules of Ukraine “Requirements for providers of air traffic management/air navigation services and other air traffic management network functions and their oversight”, approved by the Order of the State Aviation Administration of Ukraine of 28 June 2023 No. 429. This order was developed in accordance to AMC & GM Commission Implementing Regulation (EU) No. 2017/373 of 1 March 2017.

Moreover, in order to align the legislation of Ukraine in the field of aviation security in accordance with the provisions of Regulation (EC) No 300/2008 of the European Parliament and of the Council of 11 March 2008 on common rules in the field of civil aviation security and repealing Regulation (EC) No 2320/2002, Commission Implementing Regulation (EU) 2015/1998 of 5 November 2015 laying down detailed measures for the implementation of the common basic standards on aviation security, and the provisions of (ECAC) Doc 30 (Part II) “Policy statement in the field of civil aviation security” related to the National Committee on Civil Aviation Security (membership, responsibilities, functions and working procedure), Decree of the Cabinet of Ministers of Ukraine of 14 November 2023 No. 1031 “On Amendments to the membership of Interdepartmental Committee on Civil Aviation Security” was adopted.

• *To which extent is the legislation aligned with EU legislation on passengers’ rights?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Have the regulations on airport capacity, schedule facilitation and slot allocation been adopted and implemented? To which category do the airports belong?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *To which extent is the legislation aligned with EU legislation on aviation security?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

7. INTERMODAL TRANSPORT / COMBINED TRANSPORT

• *Have plans been made for the developments of a comprehensive intermodal transport system in a form of a Strategy or a Master Plan? What are the planned actions for the development and promotion of the intermodal transport?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *What are plans to align with EU legislation aimed at facilitating digitalisation of transport information exchanges, namely Regulation on electronic freight transport information (eFTI)((EU) 2020/1056) and Regulation on European maritime single window environment (EMSWe) ((EU) 2019/1239)?*

In Ukraine, a project on the introduction of electronic goods and transport invoices is underway.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

Order No. 462 of the Ministry of Community Development, Territories and Infrastructure of Ukraine dated May 30, 2023 "On approval of the Regulations on the River Information Service", registered in the Ministry of Justice on July 13, 2023 under No. 1187/40243, was adopted.

Order No. 956 dated 17.10.2023 "On Approval of the Rules for Registration of Operations with Harmful Substances on Ships, in Sea and River Ports and Terminals" was adopted.

The specified normative legal act implements some norms stipulated by Directive of the European Parliament and Council (EU) 2019/883 of April 17, 2019, Regulation of the European Parliament and Council (EU) No. 2099/2002 of November 5, 2002, the latest version of the International Convention on the Prevention of pollution from ships and their applications.

The Order of the Ministry of Internal Affairs of Ukraine dated 24 July 2023 No. 604, registered with the Ministry of Justice of Ukraine on 05 September 2023 under No. 1556/40612, was issued, which amended the Procedure for Issuing and Processing Certificates of Approval of Vehicles for the Carriage of Certain Dangerous Goods (hereinafter - the Procedure), approved by Order of the Ministry of Internal Affairs of Ukraine dated 04 August 2018 No. 656, registered with the Ministry of Justice of Ukraine on 11 September 2018 under No. 1041/32493 (as amended), in part:

reduce the period for issuing/extending the certificate of approval of vehicles for the carriage of certain dangerous goods (hereinafter referred to as the Certificate)

from ten to five business days;

extent the validity period of the Certificate from six months to one year;

amend the list of grounds for returning the Certificate to the service centre of the Ministry of Internal Affairs, namely, the ground for returning the Certificate in case of change of the vehicle's licence plate;

bring certain provisions of the Procedure in line with the requirements of Part 9 of Annex B to the ADR.

The Order of the Ministry of Internal Affairs of Ukraine dated 22 November 2023 No. 949 "On Approval of Amendments to Certain Regulatory Acts on the Organisation of Special Training for Employees of Road Transport of Dangerous Goods", registered in the Ministry of Justice of Ukraine on 28 December 2023 under No. 2280/41336.

Amendments were made to the Requirements for special training centres for drivers of vehicles transporting dangerous goods, and Commissioners for the Safety of Dangerous Goods Transported by Road and the Examination Procedure, issuance of ADR certificates of training of drivers of vehicles transporting dangerous goods, certificates of training of authorised persons on the safety of dangerous goods transported by road, approved by Order of the Ministry of Internal Affairs of Ukraine No. 449 dated 21 July 2022, registered with the Ministry of Justice of Ukraine on 22 August 2022 under No. 949/38285, which optimised the procedure for:

determining the centres for special training of drivers of vehicles carrying dangerous goods and authorised persons on the safety of dangerous goods transportation by road;

conducting training and examinations for drivers of vehicles carrying dangerous goods and authorised persons in charge of the safety of dangerous goods transportation by road in order to increase the level of knowledge of special requirements to be met during the transportation of dangerous goods.

Statistical data:

In accordance with the provisions of the Requirements for Special Training Centres for Drivers of Vehicles Transporting Dangerous Goods and Authorised Officers for the Safety of Dangerous Goods Transport by Road, approved by Order of the Ministry of Internal Affairs of Ukraine No. 449 dated 21 July 2022, registered with the Ministry of Justice of Ukraine on 22 August 2022 under No. 949/38285, in 2023, the Head Service Center of the Ministry of Internal Affairs of Ukraine designated 53 centers for special training of drivers of vehicles transporting dangerous goods and authorised persons for the safety of dangerous goods transportation by road, and in the first quarter of 2024 - 3 such centers.

Information on anti-corruption mainstreaming

Chapter 14 - Transport: consider corruption risks in planning and budgeting, quality of construction and maintenance of transport infrastructure, audit and public-private anti-corruption partnerships, foreign investors/investments of third countries, lack of transparency in contracting processes for large-scale infrastructure projects and/or concessions.

On October 5, 2023, the Anti-Corruption Program of the Ministry for Communities, Territories and Infrastructure Development of Ukraine for 2023-2025 was approved.

This Anti-corruption Program is an important component of implementing effective anti-corruption compliance and is also aimed at enabling the Ministry of Infrastructure to focus on its functions and relations with third parties without any corruption, financial, reputational or other risks.

This document defines the dedication of the employees of the Ministry of Infrastructure to the principles of transparency and integrity and establishes the anti-corruption orientation of the Ministry of Infrastructure through responsible, consistent, ethical and understandable actions of its employees.

In Ukraine, the Anti-Corruption Strategy for 2021-2025 has been adopted, which is being implemented through the State Anti-Corruption Programme for 2023-2025. The infrastructure sector is designated as one of the priority areas of the Anti-Corruption Strategy and the Programme. A separate direction of the Programme - 2.5. Construction, Land Relation and Infrastructure, identifies the following problem in this sector:

- Problem 2.5.10. Imperfection of Existing Control Instruments and Lack of Transparency of Road Construction, Repair, and Maintenance Processes.

To address the specified problem, Strategy and Programme include 5 expected strategic results:

- expected strategic result 2.5.10.1. With regard to public infrastructure projects, the mandatory publication of all information required by the Law of Ukraine On the Openness of Spending of Public Funds and data disclosure in accordance with CoST IDS (Infrastructure Data Standard) and publication of data (including design documentation and methodology for calculating the anticipated cost of procurement) in a machine-readable format in accordance with OC4IDS and OCDS standards

- expected strategic result 2.5.10.2. The results of monitoring of the quality of road works, audit findings, and penalties are published on the official website of the initiator of the audit, or the entity that initiated or paid for the monitoring

- expected strategic result 2.5.10.3. An open map of road construction, repair, and maintenance has been created, which displays the tenders held and contracts signed for such work in order to avoid overlapping operations at the same sites; this

map has been integrated with the Unified State Electronic System in Construction

- expected strategic result 2.5.10.4. Requirements have been introduced to ensure that all road construction works are planned based on the results of instrument-assisted surveys

- expected strategic result 2.5.10.5. Round-the-clock comprehensive automated dimensional and weight control has been implemented; administrative liability for consignors and carriers for exceeding the dimensional and weight parameters has been established; information on violations of dimensional and weight parameters and sanctions imposed is published on the official website of the State Service of Ukraine for Transport Safety.

In order to achieve such strategic results the Programme specifies 50 measures. The content of these measures and information on the progress of their implementation as of December 31, 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/problem/55/>

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ further align and effectively implement of the EU rail and road acquis and set up the appropriate administrative structures for rail transport, in particular the regulatory body

No relevant developments during the reporting period.

→ strengthen its administrative capacity to enforce measures on road safety and establish inspection and investigation bodies for rail and inland waterways transport

No relevant developments during the reporting period.

The implementation of the National Transport Strategy 2030, which serves as a framework for the modernisation of the transport sector, and its dedicated action plan for 2021-2024 should be resumed as soon as possible.

The Ministry for Communities, Territories and Infrastructure Development of Ukraine, together with interested state authorities and subordinate organizations, has collected the necessary data and is currently working on the finalization of the draft text of the updated National Transport Strategy of Ukraine for the period until 2030, the draft Action Plan for the implementation of the updated Strategy for 2023-2027, and the draft Plan for Monitoring the Achievement of Goals of the updated Strategy.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

**CLUSTER 4: the Green Agenda
and Sustainable Connectivity**

CHAPTER 15 – Energy

ЄШУА

УКРАЇНА

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ЄВРОПА

Answers to the Guiding Questions

1. Security of supply

● *Has adopted a national strategy / strategic plan? Summarise the main points as regards security of supply, diversifying supply sources, use of indigenous resources.*

The Energy Strategy till 2050 was approved by the Resolution of the Cabinet of Ministers of Ukraine No. 373 of 21 April 2023 "On the approval of the Energy Strategy of Ukraine for the period up to 2050". The development of the Action Plan for implementing the Energy Strategy of Ukraine 2050 is ongoing.

Also, work is underway to update the Energy Security Strategy, which was approved by the Resolution of the Cabinet of Ministers of Ukraine No. 907 of 4 August 2021 "On the approval of the Energy Security Strategy".

● *Where is Ukraine with regards the oil stocks acquis?*

Adoption of oil stocks law (in conformity with the acquis)

On November 21, 2023, Ukraine adopted the Law of Ukraine "On Minimum Stocks of Crude Oil and Petroleum Products" in accordance with Directive 2009/119/EC.

Timeline:

- Entry into force of the Law – 24.12.2023
- Enactment of the Law / emergence of obligations under the Law – 24.12.2024
- Adoption of secondary legislation by the Government in accordance with the Law – 23.12.2024
- Amendments to Codes / other Laws – 23.12.2024

Work is underway to develop the regulatory framework necessary to implement the Law.

Establishment of stockholding body

Based on the Law the central body which ensures the formation and implementation of state policy in the fuel and energy complex (Ministry of Energy):

- 1) manages the system of minimum stocks of oil and oil products;
- 2) determines the administrator of the electronic reporting system;
- 3) draws up an annual balance of supply and consumption of oil and oil products in Ukraine;
- 4) is the beneficiary in whose favour a bank guarantee is provided to ensure the fulfillment of obligations of market participants to create minimum stocks of oil and

oil products in accordance with the requirements established by this Law;

5) approves the methodology for calculating the level of minimum stocks of oil and oil products developed on the basis of the methodology set out in Annexes I and II to Council Directive 2009/119/EC;

6) monitors the balance of supply and consumption of oil and oil products in the domestic market of Ukraine;

7) monitors the quality and safety of petroleum products in the domestic market of Ukraine, including those included in the minimum stocks of oil and petroleum products and stored by operators, market participants, and responsible storage facilities;

8) monitors, using an electronic reporting system, compliance by operators, market participants, and responsible custodians with the requirements for the creation, storage, replacement, disclosure, use, renewal, and sale (disposal) of minimum stocks of oil and oil products;

9) interacts and exchanges information with other central executive authorities regarding the implementation of the requirements of this Law;

10) exercise other powers specified by this Law.

Based on the Law operator of minimum stocks of oil and petroleum products is an entity that meets the requirements established for a market participant and a responsible custodian, carries out activities related to the creation and storage of minimum stocks of oil and oil products, and provides services for the reservation and storage of minimum stocks of oil and oil products under the relevant agreements (ticketing agreements).

Plans to release stocks in the case of an emergency

The Law provides a chapter on crisis situations in the market of oil and petroleum products. Plans for the release of reserves in the event of an emergency will be provided for in the Action Plan for Overcoming the Crisis Situation in the Ukrainian Oil and Oil Products Market, which will be approved by the Government before the Law comes into force.

Storage capacity and purchase of stocks

Since minimum stocks of oil and oil products will be created by market participants and operators of minimum stocks of oil and oil products, minimum stocks of oil and oil products will be stored at their own or leased storage facilities, as well as with responsible storage facilities. Such stocks may be stored together with commercial stocks.

State the number of days of oil stocks in Ukraine

According to the Law, the level of minimum stocks of oil and oil products must correspond to the higher of the following two indicators: 90 days of average daily net imports or 61 days of average daily domestic consumption. As of 31.03.2024, Ukraine has not yet created oil reserves that would meet the requirements of the

Law.

• *Where is Ukraine with joining / signing agreement with ENTSO-E / ENTSO-G?*

On 28 November 2023, ENTSO-E Regional Group Continental Europe confirmed that NPC Ukrenergo implemented key technical measures to enable the transition to permanent synchronous operation of the two power systems. On 14 December 2023, during the Assembly meeting, ENTSO-E Members voted for the attainment by NPC Ukrenergo of the Member status. From January 1, 2024, NPC Ukrenergo acts as the 40th ENTSO-E Member.

Also, Ukraine (LLC Gas TSO of Ukraine) is an Observer in ENTSO-G. Full membership in ENTSO-G would be possible only after Ukraine acquires the status of the EU Member State.

• *What is the situation with regard to Ukraine's main projects in electricity transmission interconnections and gas interconnections?*

Electricity

Planning and development of the transmission system in Ukraine, including interconnections, are based on the conclusions of the Ten-Year Network Development Plan, which NPC Ukrenergo prepares annually under the provisions of the Law of Ukraine "On the Electricity Market" and the requirements of the Transmission Network Code.

The NEURC approved the Ten-Year Network Development Plan (TYNDP) for 2024–2033 by its Resolution No. 2634 of 29 December 2023.

NPC Ukrenergo has drafted its Investment Programme for 2024 based on the TYNDP conclusions.

The TYNDP and the draft Investment Programme for 2024 provide for the financing of the following interconnection development projects:

1. Under the Memorandum of Understanding between NPC Ukrenergo and Slovenska elektrizachna prenosova sustava, a.s. (System Operator of Slovakia, SEPS) on the intention to increase the capacity between the power systems of the Slovak Republic and Ukraine, the TYNDP for 2023-2032 (approved by the NEURC Resolution No. 266 of 14 February 2023) provides for the reconstruction of the existing single-circuit overhead line (OHL) **400 kV Mukacheve – Kapušany**, which will improve the export/import potential of the IPS of Ukraine.

The implementation of the project is envisaged by the construction of a new section of the 400 kV double-circuit overhead line with the suspension of two circuits and the commissioning of the second circle in the direction of the 400 kV Kapušany substation after the Slovak side performs a similar amount of work on its own territory.

Implementation by NPC Ukrenergo is envisaged with the allocation of 4 stages of construction:

- on the 1st stage – 9.61 km;
- on the 2nd stage – 10.91 km;
- on the 3rd stage – 11.09 km;
- on the 4th stage – 8.37 km.

The design and estimate documentation developed by NPC Ukrenergo as part of the feasibility study phase received positive expert feedback with a total estimated cost of UAH 865,398.702 thousand (including VAT).

The design documentation of the stage "P" of the 1st, 2nd, 3rd, 4th stages has been developed. For the first stage of stage "P", a positive expert opinion was received and approved by the Order of NPC Ukrenergo No. 26 of 17 January 2024. In other stages, the project documentation is currently undergoing examination.

Also in 2024, it is planned to complete negotiations with international financial institutions to raise funds for the implementation of the current project. In general, NPC Ukrenergo plans to implement the 1st stage of the project by the end of 2025. On the part of SEPS, the project is expected to be completed in 2026.

2. Reconstruction of the overhead line 750 kV **Khmelnyska NPP – Rzeszow** with conversion to 400 kV voltage, reconstruction of the 750 kV switchyard at Khmelnyska NPP with the installation of an autotransformer AT-750/400 kV.

The work is now completed. The overhead line is in operation under load.

3. Construction of the **750/400/330 kV Prymorska substation**. Construction of **OHL 750 kV Prymorska – Kakhovska**. Construction of **OHL 400 kV Prymorska – Isackcea** (Romania).

NPC Ukrenergo has developed a plan for the implementation of a set of measures for the development of the transmission system of Ukraine, which, among other tasks, will allow to restore the Ukraine-Romania interconnector based on the OHL 750 kV Pivdennoukrainska NPP – Isaccea at the voltage class of 400 kV.

- According to the Ten-Year Network Development Plan of Ukraine for 2024-2033, the project will be implemented in stages:

- Stage 1 - Construction of the OHL 330 kV Novoodeska – Artsyz (2025);

- Stage 2 - Construction of the OHL 750 kV Pivdennoukrainska NPP - Prymorska from SS 750/400/330 kV "Prymorska" (2027);

- Stage 3 - Construction of 400 kV GIS at SS 750 kV Prymorska, installation of AT 750/400 kV and construction of a double-circuit section of the OHL 400 kV(2027);

- Stage 4 - Construction of OHL 400 kV Artsyz – Isaccea (2028).

- The total transit length from Pivdennoukrainska NPP to Isaccea substation is

approximately 386 km, namely:

- OHL 330 kV Novoodeska – Artsyz – 106 km;
- The approximate length of the 750 kV Pivdenoukrainska NPP – Prymorska power transmission line is 160 km;
- OHL 400 kV Artsyz – Isaccea – approximately 120 km.

Current situation:

- The feasibility study for the construction of the 750/440/330 kV Primorska substation with the corresponding 330-400-750 kV power lines is being adjusted.;
- Documentation of the feasibility study and stage "P" for the project "Construction of OHL 330 kV Novoodeska – Artsyz" in the dimensions of 400 kV was completed. Tenders were held and construction contractors were determined;
- The assignment for the design of the construction of the 400 kV Artsyz-Isaccea overhead line is being approved.
- Action plan 2024:
 - to adjust the feasibility study for the construction of the 750/440/330 kV Primorska substation with the corresponding 330-400-750 kV power lines;
 - to carry out the construction of OHL 330 kV Novoodeska – Artsyz in the dimensions of 400 kV;
 - to start the design of the construction of the 400 kV overhead line Artsyz – Isaccea.

Gas

In order to establish firm capacity from Poland towards Ukraine, Gas TSO of Ukraine, LLC (hereinafter also referred to as "Gas TSO of Ukraine" and "GTSOU") and Polish gas TSO (GAZ-SYSTEM S.A.) are conducting an incremental capacity process, which involves the construction of a number of facilities in the Polish GTS, which are necessary to ensure the possibility of gas transportation from Polish and Lithuanian LNG terminals to Ukraine.

On 3 July 2023, incremental capacity allocation auctions were held on the GSA Platform. According to the results of the auctions, no obligations of network users regarding the allocated capacity arose, which led to the negative result of the single economic test.

From 3 July until 28 August 2023, GTSOU conducted a market demand assessment of incremental capacity for interconnection points in accordance with requirements of points 1 and 2 of Subsection 1 of Section XX of the GTS Code. In the mentioned period, all network users had the right to submit non-binding indications.

Based on the received market demand for incremental capacity from Poland,

the Republic of Moldova, and Romania to Ukraine, the relevant Demand assessment reports were prepared and published.

In accordance with Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013 (CAM NC) and according to the requirements of point 3 of Subsection 2 of Section XX of the GTS Code, GTSOU in cooperation with GAZ-SYSTEM, SNTGN TRANSGAZ S.A. and Vestmoldtransgaz LLC conducted public consultations for incremental capacity projects at the state borders between Poland and Ukraine (from 1 November to 30 November 2023), Romania and Ukraine, the Republic of Moldova and Ukraine (from 1 February to 29 February 2024).

On 19 January 2024, GTSOU along with the TSOs of Slovakia and Moldova joined the Vertical Corridor – a regional initiative of gas operators managing the infrastructure that connects the systems of Greece, Bulgaria, Romania with the countries of Central Europe – Hungary and Slovakia. It is aimed at increasing the capacity for gas transportation from the region of South-Eastern Europe to Central Europe. For Ukraine, the goal of cooperation within the Vertical Corridor is to ensure the possibility of transportation gas from the south (including from the Greek LNG terminal in Alexandroupolis, which is planned to be commercially operational at the end of April 2024) through GTSs of Bulgaria, Romania and Moldova to Ukraine both for storage in gas storage facilities and for further transportation to the countries of Central Europe.

In order to introduce/increase firm capacities of up to 10 billion cubic meters annually (bcma), it is necessary to conduct certain technical works in the system along the route. The main bottleneck on the route is the IP Grebenyky at the Ukraine-Moldova border, where there is no firm capacity in the MD-UA direction. Currently, it is possible to transport natural gas from Moldova to Ukraine only with the use of the backhaul service (virtual reverse). It means that the capacity from Moldova to Ukraine is limited by the volume of the physical flow from Ukraine to Moldova.

In order to introduce firm entry capacity from Moldova to Ukraine with a volume of up to 28 mcm/day (10 bcm/year), Ukraine needs to reconstruct the Pivdennobuzka compressor station and install 4 gas pumping units of different capacities. The approximate volume of investments from the Ukrainian side is up to 70 million euros. If funding is available, the necessary work could be completed by the end of 2028.

Certain developments are also needed to increase capacity along the route by other GTS operators, in particular Bulgaria and Moldova.

Gas TSOs along the route agreed to carry out a binding market test for capacity allocation within the incremental capacity process in July 2024. In this regard, at the end of March 2024, GTSOU submitted an application with relevant documents to the Regulator for approval. Other involved TSOs applied to their national Regulators as well.

In case of a positive economic test outcome (incremental capacity will be booked by network users at the auction in June 2024) – necessary works should begin immediately. However, given there was no evidence of any successful incremental capacity process ever in the EU, chances to receive binding commitments from network users for incremental capacity are vague.

In this regard, it is crucial to explore other possible sources to finance the development of the firm capacity towards Ukraine, including the EU funds, in order to ensure the fast implementation of the project in case of a negative result of the binding phase of the incremental capacity process (absence or insufficient binding commitment of network users).

From 1 January 2022, GTSOU and the Hungarian operator FGSZ agreed on the creation of firm capacities at the VIP Bereg towards Ukraine (8 mcm/day) with a test period that is extended until the end of September 2024.

On 3 February 2022, GTSOU and Slovak operator Eustream a.s. agreed to increase the firm capacities at the IP Budince in the Slovakia-Ukraine direction by an additional 15 mcm/day resulting in the total amount of firm capacities from Slovakia to Ukraine of 42 mcm/day. This increased firm capacity was available till the end of March 2024. Starting from April 1, 2024 Slovak operator Eustream a.s. is offering 27 mcm/day of firm capacity and 15 mcm/day of interruptible capacity, which can be used for the physical import of gas from Slovakia to Ukraine.

Since 2021, the operators of gas transportation systems of Ukraine (GTSOU), Slovakia (EUSTREAM), the Czech Republic (NET4GAS), and Germany (Open Grid Europe GmbH) have been jointly working on the creation of the Central European Hydrogen Corridor (CEHC) - a pipeline hydrogen connection in Central Europe for the transportation of hydrogen from promising production areas in Ukraine through Slovakia and the Czech Republic to areas of increased demand in the EU, particularly industrial regions of Germany.

The pipeline's design capacity after its launch (scheduled for 2030) is 144 GWh of hydrogen per day, or 1.5 million tons (approximately 18 bcm) per year. The key advantage of the project is the modernization of existing pipelines, cross-border stations and individual compressor units, as this approach provides lower costs compared to the costs of building a new hydrogen infrastructure.

Currently, the CEHC project is at the stage of the preliminary feasibility study development (Pre-Feasibility Study, estimated completion time is II quarter 2024). On November 28, 2023, the European Commission adopted the first list of projects of common interest (PCI) and projects of mutual interest (PMI) that fully meet the objectives of the European Green Deal, which includes the CEHC project. The project received the Generic status, which provides for the possibility of submitting an application to the CEF fund for the implementation of a feasibility study. The project is also included in the European Hydrogen Backbone plans and ENTSOG reviews.

Bar compressor station

In 2022, GTSOU conducted organizational preparations to start the final stage of reconstruction and commissioning of the Bar compressor station (hereinafter – CS Bar). In March 2023, GTSOU as a customer and DG Industries GmbH as a contractor signed the agreement for works on the completion of reconstruction and commissioning of the CS Bar of the gas pipeline "Soyuz". These works are financed through the Ukraine Energy Support Fund, created at the Energy Community Secretariat in cooperation with the Ministry of Energy of Ukraine, by a dedicated grant of EUR 2 million by the Foreign Office of Germany. The payment schedule has been already agreed upon, and the Energy Community Secretariat as a Fiduciary for the Grants has made the first payment to the contractor. DG Industries GmbH has started to perform works which are necessary for the completion of the CS Bar reconstruction and putting it into operation.

• *What is the situation with regard to Ukraine's gas supply contract negotiations and development of a power market with its neighbours?*

On the introduction of joint auctions for the cross-border capacity allocation.

General information:

NEURC jointly with NPC Ukrenergo has performed measures to implement European rules on cross-border capacity allocation for enabling electricity trade with the EU countries.

On the borders with Poland, Slovakia and Hungary, the joint allocation will be hosted on the JAO platform. The entire process will be managed by JAO.

On the borders with Romania and Moldova, the joint allocation will be hosted on NPC Ukrenergo's platform.

Implementation status:

Borders between Ukraine, Poland, Slovakia, and Hungary:

- The joint daily allocation rules have been agreed with neighboring TSOs and approved by NEURC as well as structure of cross-border capacity and congestion income distribution sharing approach.

The first auction on the JAO platform for the UA-PL border for the Khmelnytsky NPP - Rzeszów took place on January 16, 2024, for the UA-HU border on February 22, 2024, and for the UA-SK border on March 4, 2024.

- The joint long-term allocation rules are harmonised across Europe and include regional specificities as annexes. JAO has not yet prepared regional specificities for Ukrainian borders because the focus is on daily auctions.

The border between Ukraine and Romania:

- The agreement and the joint long-term and daily allocation rules have been

agreed with the Romanian TSO.

- The joint long-term and daily allocation rules have been approved by the Romanian regulatory authority and NEURC. Also, NEURC approved the structure of cross-border capacity and congestion income distribution sharing approach.

Starting from November 02 2023, joint auctions for capacity allocation on the UA-RO border are held on the platform of NPC Ukrenergo.

The border between Ukraine and Moldova:

- NEURC approved joint daily and long-term allocation rules for the UA-MD border on the basis of ACER's Harmonized Allocation Rules, as well as the structure of cross-border capacity and congestion income distribution sharing approach.

Joint auctions for the capacity allocation on the NPC Ukrenergo platform are held on the UA-MD border: starting from February, 20 2024 - joint monthly auctions; from January, 03 2024 - joint daily auctions.

Joining the ITC mechanism:

In April 2024, NPC Ukrenergo received a positive notification about the approval of accession of NPC Ukrenergo to the ITC mechanism starting from 1 July 2024. All preparatory works are underway.

2. Internal energy market

● ***What is the state of primary / framework legislation with regards to the Third Energy Package (gas and electricity)? Do you already have a timeline for the adoption of the Clean Energy Package provisions?***

In accordance with the Action Plan of the Government of Ukraine, the draft law for the transposition of the Electricity Integration Package into Ukrainian legislation must be developed by the end of 2024.

The Ministry of Energy of Ukraine has set up a working group with the participation of electricity market stakeholders to discuss the relevant draft law, which the Ministry of Energy plans to submit in 2024.

The relevant timeframe for the implementation of the Electricity integration package is also provided by:

- the Roadmap for further market integration following the synchronization of Ukraine's (and Moldova's) electricity networks with the Continental European Network.

- Action plan for the implementation of the recommendations of the European Commission presented in the Ukraine Progress Report under the EU Enlargement Package 2023

The draft law regarding the implementation of Renewable Energy Directive is developed by the Ministry of Energy of Ukraine and is expected to be submitted to the Parliament by the end of 2024.

- *What is the state of implementation of the secondary legislation for gas and electricity markets, notably EU network codes and guidelines?*

Electricity market

The national legislation of Ukraine includes the following regulations, which partially reflect the provisions of the European Union acts:

1. Market Rules, which define the procedure for registration of market participants, the procedure and requirements for ensuring the fulfilment of obligations under contracts for the settlement of electricity imbalances, balancing rules, aggregation rules, rules for the functioning of the ancillary services market, and the procedure for settlements in the balancing market and the ancillary services market etc.

2. Day-Ahead and Intraday Markets Rules, which define the relations between the Day-Ahead and Intraday Market Participants and the Market Operator, as well as the procedure for registration of DAM/IDM Participants, the procedure and requirements for ensuring the fulfilment of obligations under electricity purchase and sale contracts in the DAM and the IDM, the procedure for organizing and conducting DAM and IDM trades, the procedure for determining the price of electricity, conducting settlements on the DAM and IDM, determining the cost of services of the Market Operator and the procedure for their payment, disclosure and publication of information, the procedure for settling disputes between the Market Operator and DAM/IDM Participants etc.

3. Retail Electricity Market Rules, which regulate the relations that arise during the purchase and sale of electricity between the electricity supplier(s) and the consumers, as well as their relations with other participants in the retail electricity market.

4. Transmission Network Code, which regulates the relations between the Transmission System Operator and users of the transmission system regarding the planning, development and operation (including operational and technological management) of the transmission system as part of the Unified Energy System (UES) of Ukraine, as well as connection and access to the transmission system.

5. The Distribution Systems Code, which defines the requirements and rules governing the relations between distribution system operators, transmission system operators, distribution system users and customers of connection services regarding operational and technological management of the distribution system, its development and operation, access and connection of electrical installations etc.

6. The Commercial Electricity Metering Code, which defines the main provisions for the organization of commercial metering of electricity in the electricity market, the rights and obligations of market participants, commercial metering service providers and the commercial metering administrator to ensure commercial metering of electricity, obtain accurate and reliable commercial

metering data and their aggregation (pooling), the procedure for registering commercial metering service providers, commercial metering points and registration of automated systems used for commercial electricity metering etc.

These regulations have been developed using European practices and partially incorporate the provisions of the acts of the European Union. However, work is currently underway to improve these national regulations to fully align them with the EU acquis, including EU network codes and guidelines.

For the purpose of practical implementation of the norms of the above-mentioned laws No. 3141-IX and No. 3220-IX NEURC has adopted all necessary secondary legislation including amendments to the mentioned market rules and codes.

Also, NPC "Ukrenergo" developed and submitted to the Regulator for approval draft amendments to the Transmission System Code (hereinafter – TSC) aimed at implementing Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation, Commission Regulation (EU) 2017/2196 of 24 November 2017 establishing a network code on electricity emergency and restoration in terms of provisions on harmonisation of requirements for the development of a defence plan and a power system restoration plan, the introduction of new electricity market participants – defence and restoration service providers and, accordingly, their tasks, rights and obligations etc, Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing in part of the application by TSO of standard and special FRR and RR products, and the minimum technical requirements to such products. These amendments to the TSC were approved by the NEURC on 22 November 2023 and now are under public consultations before final adoption.

Gas market

Ukraine has achieved a significant level of implementation of secondary EU legislation on gas markets, in particular network codes and EU guidelines:

1. The Gas Transmission System Network Code regulates the functioning of the gas transmission system of Ukraine and defines the legal, technical, organizational, and economic principles of the functioning of the gas transmission system of Ukraine.

2. The Gas Distribution Systems Code defines the relations between the operator of gas distribution systems and subjects of the natural gas market, and also defines the legal, technical, organizational and economic principles of the functioning of gas distribution systems.

3. The Gas Storage Code defines the legal, technical, organizational and economic principles of the operation of natural gas storage facilities.

4. Natural gas supply rules regulate the relations that arise between suppliers and consumers of natural gas, taking into account their mutual relations with the

operators of the gas distribution system/gas transmission system

5. Methodology for determining and calculating tariffs for natural gas transmission services for entry points and exit points based on multi-year incentive regulation, which establishes the mechanism for forming tariffs for natural gas transmission services from the entry point (points) to the exit point (points) and regulatory parameters, that have a long-term effect for the purposes of incentive regulation.

It should be noted that Commission Regulation (EU) No. 312/2014 of March 26, 2014, and Regulation (EC) No. 715/2009 of the European Parliament and of the Council of July 13, 2009, require the publication of information that may contain data affecting national security under martial law. It is proposed to implement the relevant norms after the end of martial law.

● ***Has Ukraine established the appropriate market governance architecture?***

No relevant developments during the reporting period.

● ***How is the compliance with the rule to provide minimum of 70% of cross-border capacity for trade? Are action plans or derogations been granted and which measures have been decided to reach this target?***

It should be noted that currently the available capacity is limited by the RG CE ENTSO-E decision at the level of 550 MW for exports from the UA/MD Block and 1700 MW for imports to the UA/MD Block.

The rule to provide a minimum of 70% of cross-border capacity for trade, action plans and derogation are expected to be included into the draft Law that implements Electricity Integration Package.

● ***What Ukraine has done to unbundle the electricity and gas utilities? Did it establish an independent Transmission System Operator? Was there further unbundling of supply and distribution companies?***

No relevant developments during the reporting period regarding the unbundling of the electricity utilities.

Regarding the unbundling of Gas Distribution System Operators (DSOs)

During 2022-2023, 27 Gas Distribution System Operators were integrated into Naftogaz Group in order to ensure their full and stable functioning in terms of gas distribution to consumers, as a subsidiary of "Gas Networks" (Gazmerezhi).

Naftogaz of Ukraine does not interfere with operational activities of "Gas Networks", the DSO is separated in its legal form from Naftogaz, independent of terms of management, organization and decision-making.

Concerning the supply companies, they also operate separately, both from

vertically integrated company, and horizontally, from distribution companies.

The vertical integration of the DSOs in one entity under a state-controlled holding was the way to maintain their liquidity without aggravating the need for significant financial injections (billions of hryvnias) any further, prevent any attempts of control by aggressor-affiliated persons, and provide for stable operation of gas distribution activities.

• *What is the investment environment for new generation capacity and for new participants entering the market? Is the environment for building new projects favourable? Mention difficulties with permitting and licensing, and possible issues with negotiating a connection with the TSO. This point should not detail new generation projects, unless they are linked to security of supply.*

In June 2023, the Parliament adopted the Law of Ukraine No. 3220-IX “On Amendments to Certain Laws of Ukraine on Restoration and Green Transformation of the Energy System of Ukraine” which introduced market-based support schemes for RES generation, in particular, auctions under contract for difference scheme, Corporate PPA’s, feed-in tariff model for existing RES producers under feed-in tariff, Net Billing model for prosumer installations. The law created favourable conditions for the implementation of the future RES capacities.

The NEURC Resolution No. 1021 of 08 June 2023 "On Approval of Amendments to Certain NEURC Resolutions on Promoting the Development of Biomethane Production" regulates the mechanism for connecting biomethane producers to gas networks.

In March 2024, the Parliament adopted in the second reading the draft Law of Ukraine "On amendments to the Customs Code of Ukraine regarding the customs clearance of biomethane" (No. 9456). The document allows Ukrainian biomethane producers to export the biomethane to European markets and join the relevant European network, which creates favourable conditions for the new biomethane capacities.

The capacity of electricity generation facilities, as well as the transmission capacities, has been affected by the Russian missile and drone attacks on power infrastructure in the 2022-2023 heating season and especially during the attacks in March-April 2024.

The Ukrainian power system requires private investments in new high-tech balancing facilities, including new highly flexible power plants, new biofuel thermal power plants and energy storage facilities. Investment projects all across Ukraine on the construction of biofuel TPPs, high-maneuvering power plants and energy storage systems are currently being considered.

• *What is the state of retail market opening in Ukraine? Any plans / timetable to lower the eligibility threshold? What are the procedures in place for*

supplier switching? If there are figures for actual customer switching, these would be useful to cite. What is the legal framework for power-purchase-agreements with independent producers?

The retail electricity market in Ukraine was launched in 2019.

Changing electricity supplier

In 2024, there were changes to the Rules of the retail electricity market, that regulate the change of electricity supplier by an active consumer using the self-production mechanism.

In particular, an active consumer changes the electricity supplier from the first day of the calendar month. The purchase and sale agreement based on the self-production mechanism, concluded with the previous electricity supplier, ceases to be effective from the first day of the calendar month following the conclusion of the contract with the new electricity supplier by the Active Consumer.

Changing the supplier in the natural gas sector:

During 2023, natural gas supply activities were carried out by about 200 suppliers, of which 1 company supplies natural gas to the vast majority of household consumers, provisions of the EU laws and the balance of interests of all gas market participants.

The Law of Ukraine "On the Natural Gas Market" guarantees all consumers the right to choose and change their natural gas supplier. The rules of natural gas supply determine the procedure and conditions for the transition of a consumer from one supplier to another.

In 2023, by the Decision of the Regulator (NEURC Resolution No. 1454 of 08 August 2023), the procedure for changing the natural gas supplier by non-household consumers was simplified by amending the Natural Gas Supply Rules.

So, today, in order to conclude a natural gas supply contract with a new supplier, non-household consumers no longer need to provide any certificates about the absence of overdue debt or receive written permission to switch from the current supplier.

To change the supplier, a non-household consumer must apply in writing to the new supplier with a proposal to enter into a natural gas supply contract. At the same time, in order to complete the procedure of changing the supplier, all further measures are carried out by the new supplier through the information platform of the GTS Operator.

After the completion of the procedure of switching to a new natural gas supplier, the effect of the supply contract for the supply of natural gas concluded between the non-household consumer and the previous supplier, is automatically suspended for the supply of natural gas.

It should be noted that simplified mechanisms for changing the natural gas supplier by household consumers were introduced in 2020.

● ***Price regulation and adjustment: Is this regulated in Ukraine? What is the result of the annual tariff adjustment process? Are energy prices and tariffs cost-reflective? What is the state of cross-subsidies and when does Ukraine intend to phase these out? Has Ukraine defined a social tariff for vulnerable customers? In particular, what is the situation during the energy prices' crisis and the future perspective?***

Electricity

Article 7 of the Law of Ukraine "On the Electricity Market" (the "Market Law") stipulates that tariffs in the electricity market are subject to state regulation, in particular, tariffs for electricity transmission services and dispatch (operational and technological) control services, tariffs for electricity distribution services, and tariffs for universal service provider services.

In accordance with the requirements of the Procedure for Setting (Formation) of the Tariff for Electricity Transmission Services approved by NEURC Resolution No. 585 of 22 April 2019 and NEURC Resolution No. 866 of 30 June 2017 "On Approval of the Procedure for Holding an Open Discussion of Draft Decisions of the National Energy and Utilities Regulatory Commission" (hereinafter - Procedure No. 866), NEURC Resolution No. 854 of 1 December 2021 No. 2454 "On Setting the Tariff for Electricity Transmission Services of NPC Ukrenergo for 2022", according to which the tariff for electricity transmission services from 1 January 2022 amounted to UAH 345.64/MWh (net of VAT).

The tariff for electricity transmission services for system users (except for "green" electrometallurgy enterprises) from 1 January 2024 was set by NEURC Resolution No. 2322 of 09 December 2023 " On Setting the Tariff for Electricity Transmission Services of NPC Ukrenergo for 2024" at UAH 528,57/MWh (net of VAT).

The tariff for electricity transmission services for "green" electrometallurgy enterprises from 1 January 2024 was set by NEURC Resolution No. 2322 of 09 December 2023 " On Setting the Tariff for Electricity Transmission Services of NPC Ukrenergo for 2024" at UAH 364,70/MWh (net of VAT).

The tariff for dispatch (operational and technological) control services from 1 January 2022 was set by NEURC Resolution No. 2455 of 1 December 2021 "On Setting the Tariff for Dispatch (Operational and Technological) Control Services of NPC Ukrenergo for 2022" at UAH 62.13/MWh (net of VAT).

The tariff for electricity transmission services tariff for dispatch (operational and technological) control services from 1 January 2024 was set by NEURC Resolution No. 2323 of 09 December 2023 "On Setting the Tariff for Dispatch (Operational and Technological) Control Services of NPC Ukrenergo for 2024" at UAH 104.57/MWh (net of VAT).

The tariffs for electricity distribution services are set in accordance with the

Procedure for setting (forming) tariffs for electricity distribution services approved by Resolution No. 1175 of 5 October 2018 (hereinafter - Procedure No. 1175), the Procedure for determining the regulatory base of assets of natural monopolies in the electricity sector (as amended) approved by Resolution of the National Energy and Utilities Regulatory Commission (hereinafter - NEURC) No. 899 of 11 July 2013 (hereinafter - Procedure No. 899), NERC Resolution No. 1009 of 23 July 2013 "On Establishing Long-Term Regulatory Parameters for the Purposes of Incentive-Based Regulation" (as amended) (hereinafter - NEURC Resolution No. 1009), NEURC Resolution No. 1029 of 26 July 2013 "On Application of Incentive-Based Regulation in the Conduct of Business Activities in Electricity Distribution" and Procedure No. 866.

Starting from 1 January 2022, the Regulator set tariffs for electricity distribution services with the application of incentive regulation for 2022 for 26 distribution system operators (out of a total of 32), which provides for tariff setting based on long-term tariff regulation aimed at attracting investments for the construction and modernisation of electricity grid infrastructure and stimulating cost efficiency of electricity distribution companies.

On December 9, 2023, the Regulator set tariffs for electricity distribution services for 2024 for 32 distribution system operators (including for those using incentive regulation).

On January 10, 2024, the Regulator set tariffs for universal service providers for 2024 for 25 universal service providers in accordance with the Methodology for Calculating the Tariff for Universal Service Providers approved by NEURC Resolution No. 1176 of 5 October 2018 and Procedure No. 866.

Part Six of Article 72 of the Market Law stipulates that starting from 1 January 2019, electricity shall be supplied to consumers at free prices, except in cases established by this Law, namely, electricity shall be supplied to consumers by universal service providers and suppliers of last resort.

In accordance with Article 58 of the Law, household consumers and small non-household consumers are entitled to receive universal services.

According to the definition of the term provided in part one of Article 1 of the Law, a small non-household consumer is a consumer who is not a household consumer and purchases electricity for his/her own consumption, whose electrical installations are connected to the power grids with a contractual capacity of up to 50 kW.

Pursuant to part three of Article 63 of the Market Law, the supplier provides universal services at economically justified, transparent and non-discriminatory prices, which are formed by it in accordance with the methodology (procedure) approved by the NEURC and include, in particular, the purchase price of electricity in the electricity market, the price (tariff) for the services of the universal service provider, prices (tariffs) for the services of the transmission system operator and the distribution system operator in accordance with the concluded agreements on the

provision of the relevant services.

The mechanism for setting electricity prices for household and small non-household consumers in the provision of universal services is defined by the Procedure for Setting Prices for Universal Services, approved by NEURC Resolution No. 1177 of 5 October 2018.

The Law of Ukraine "On the National Energy and Utilities Regulatory Commission" and the Market Law define the Regulator's powers in the electricity market, which do not include the authority to set electricity prices (tariffs) for household consumers (population).

As of today, the Regulation on the Imposition of Special Obligations on Electricity Market Participants to Ensure Public Interest in the Functioning of the Electricity Market, approved by Resolution of the Cabinet of Ministers of Ukraine No. 483 (as amended) of 5 June 2019 (hereinafter - Regulation No. 483), establishes fixed electricity prices for household consumers for the period from 1 October 2021 to 30 April 2023 inclusive.

It should be noted that the fixed price for electricity for household consumers set by the Cabinet of Ministers of Ukraine does not cover all the costs of generation, transmission (distribution), and supply of electricity to household consumers.

The economically justified cost of electricity for the final consumer should include the cost of its purchase on the electricity market, the cost of electricity transmission services, the cost of electricity distribution services, and the cost of electricity supplier services.

In order to maintain a fixed price for electricity for household consumers, Regulation No. 483 assigns certain public service obligations to SE Guaranteed Buyer, SE NNEGC Energoatom, PrJSC Ukrhydroenergo and universal service providers to ensure the public interest in the operation of the electricity market ('PSO'), which includes the provision of services to ensure the availability of electricity to household consumers.

On May 30, 2023, the Cabinet of Ministers of Ukraine issued a resolution increasing the fixed electricity prices for residential consumers from June 1, 2023, to UAH 2.64/kWh (including VAT).

In addition, in accordance with the provisions of Chapter XVII Section 9 of the Market Law, in the event of significant price fluctuations on the day-ahead market, intraday market, and balancing market in accordance with the methodology determined by the Regulator, the Regulator has the right to set price caps (temporary minimum and/or maximum price limits) on the day-ahead market, intraday market and balancing market for each trading zone with appropriate justification.

In pursuance of the above provisions of the Market Law, the Regulator developed and approved the Methodology for Determining Significant Price Fluctuations and Setting Price Caps on the Day-Ahead Market, Intraday Market and Balancing Market by Resolution No. 1221 of 27 September 2022.

Thus, as required by the Methodology, NEURC set the price caps in the day-ahead market, intraday market, and balancing market with the Resolution No. 1126 of 27 July 2023.

Additionally, NEURC Resolution No. 2099 of 09 November 2023 revised the price caps in the day-ahead market, intraday market, and balancing market by increasing the number of price intervals for corresponding price caps and the maximum price caps for separate periods of peak consumption.

To enhance the Methodology, NEURC adopted Resolution No. 478 of 08 March 2024 "On adoption of amendments to the Methodology for detecting significant price fluctuations and setting price caps on the day-ahead market, intraday market and balancing market" that clarifies the procedure for setting and revising price caps in the DAM, IDM and BM in case of significant price volatility.

NEURC set a new level of price caps on BM is valid starting from 10 April 2024 (differentiated according to time periods).

Gas

In accordance with the Law of Ukraine "On the Natural Gas Market", starting from 1 October 2015, the NEURC has no authority to ensure the implementation of the price policy in the natural gas market (in terms of setting natural gas prices). Pursuant to the provisions of Article 12(2) of the Law of Ukraine, natural gas is supplied at prices freely negotiated between the supplier and the consumer, except as otherwise provided by this Law.

In accordance with the provisions of part one of Article 17 of the Law of Ukraine "On the National Energy and Utilities Regulatory Commission" and part three of Article 4 of the Law of Ukraine "On the Natural Gas Market", the Regulator's competence in the natural gas market includes, inter alia, setting (changing) tariffs that should ensure the necessary investments in gas transmission and distribution systems, gas storage facilities, as well as LNG facilities.

The NEURC has fully ensured the functioning of the entry-exit tariff system by setting tariffs for natural gas transmission services for entry/exit points to/from the gas transmission system(s).

The current tariffs for natural gas transmission services are calculated in accordance with the provisions of EU Regulation No. 2017/460 and set for the regulatory period 2020-2024 (NEURC Resolution No. 3013 of 24 December 2019).

It should be noted that the cost of natural gas distribution services is paid by customers of natural gas distribution services as a payment for the annual ordered capacity.

The respective tariffs for natural gas distribution services are determined based on the planned annual ordered capacity of natural gas distribution and are set by the NEURC resolutions No. 3055 of 24 December 2019, No. 2468 of 16 December 2020, No. 2787 of 30 December 2020, No. 2743, 2746, 2749, 2751, 2755, 2757,

2758, 2760, 2761, 2763, 2764, 2768, 2770, 2773, 2778, 2779, 2780 of 22 December 2021 and No. 1944 of 30 December 2022.

In addition, starting from 1 July 2022, the Regulator established new tariffs for natural gas storage (injection, withdrawal) services (NEURC Resolution No. 656 of 30 June 2022), which will provide the UGS Operator with the funds necessary for reliable and safe operation, maintenance and development of gas storage facilities.

The Law of Ukraine "On Peculiarities of Regulation of Relations in the Natural Gas Market during the Martial Law and Subsequent Resumption of Their Operation" (the "Law") sets out the specifics of regulation of relations in the natural gas market and the heat supply sector during the martial law and subsequent resumption of their operation.

Pursuant to Article 1 of the Law, a moratorium on price (tariff) increases in the natural gas market is imposed for the duration of martial law in Ukraine and for six months after the month in which martial law is terminated or cancelled, in particular, it is prohibited to increase tariffs for natural gas distribution services for all categories of consumers.

Social tariff

Currently, no social tariff for vulnerable consumers has been established. The relevant ministries and agencies are developing a draft resolution of the Cabinet of Ministers of Ukraine "On Approval of the Procedure for the Protection of Vulnerable Electricity Consumers".

At the same time, the Ministry of Social Policy of Ukraine provides social protection for consumers from vulnerable groups when paying for utility services through the housing subsidy program. By using housing subsidies, the state provides compensation for low-income citizens that covers the cost of utility services that exceed the mandatory percentage of payment determined for the household, which depends on the size of the average monthly total household income per person. At the same time, the amount of the housing subsidy increases in the event of an increase in prices and tariffs for utility services.

During the heating season of 2023-2024, more than 1.8 million households received housing subsidies.

Currently, the Ministry of Social Policy, along with the Ministry of Energy, the National Commission for State Regulation of Energy and Public Utilities and other stakeholders, are working on improving social protection of the population due to a possible increase in the prices and tariffs for utility services by amending the procedure for providing housing subsidies by clarifying certain provisions.

- *Is there a system of Supplier of Last Resort, if so please describe*

Electricity market

Pursuant to part two of Article 64 of the Law of Ukraine No. 2019-VIII "On the Electricity Market" dated 13.04.2017 (the "Law") and in accordance with the Resolution of the Cabinet of Ministers of Ukraine No. 1023-r of 12.12.2018 (the "Resolution"), the State Enterprise for Foreign Economic Activity "Ukrinterenergo" (the "SE "Ukrinterenergo") was determined as supplier of last resort for the period from 01.01.2019 to 31.12.2024.

The supplier of last resort provides electricity supply services to consumers in the case of:

- 1) bankruptcy, liquidation of the previous electricity supplier;
- 2) expiration of the license, suspension or revocation of the license to supply electricity to consumers of the previous electricity supplier;
- 3) failure or improper performance by the electricity supplier to comply with the Market Rules, DAM and the IDM Market Rules, which made it impossible to supply electricity to consumers;
- 4) failure of the consumer to choose an electricity supplier, in particular after the termination of the agreement with the previous electricity supplier; etc.

The supplier of last resort supplies electricity to the consumer for a period that may not exceed 90 days.

Gas market

SoLR, a supplier designated by the Cabinet of Ministers of Ukraine, is obliged to supply natural gas for a limited period of time to certain consumers as stipulated by the Code on Gas Transmission System, approved by the Resolution of the National Energy and Utilities Regulatory Commission (NEURC) No. 2493 of 30 September 2015 (hereafter – the GTS Code). Conceptually, the purpose of the SoLR is to ensure an uninterrupted supply of natural gas to certain consumers in the following cases.

- Previous supplier is winding up or undergoing bankruptcy proceedings.
- Previous supplier has its supply license suspended or terminated.
- Absence of approved nomination or renomination of the active supplier regarding this consumer for a certain gas day.
- Absence of the consumer in the register of any supplier on the information platform operated by LLC "Gas Transmission System Operator of Ukraine" (GTSO).

In July 2020, the Cabinet of Ministers of Ukraine has selected LIMITED LIABILITY COMPANY "GAS SUPPLY COMPANY "NAFTOGAZ OF UKRAINE" (hereafter – GSC) as a SoLR for a period of three years. In its role as

SoLR, GC ensures the supply of natural gas to consumers in the cases as described in the GTS Code and Gas Supply Rules (NEURC Resolution No. 2496 of 30 September 2015 "On Approval of Natural Gas Supply Rules").

As of 22 July 2020, the NEURC regulations provided that in particular cases determined by NEURC, the consumer had the right to apply to SoLR to conclude a natural gas supply contract with it.

By NEURC Resolution No. 1752 of 23 September 2020, with effect from 1 October 2020, these rules were amended and provided, in particular, that in the cases determined by NEURC, SoLR gas supply contract should be concluded by means of a public offer and its acceptance by the consumer due to the fact of gas consumption in the absence of another supplier and should not require bilateral signature. The rules provided for the following cases of automatic conclusion of a contract with SoLR and, consequently, automatic registration in the register of SoLR via the information platform of GTSO:

- for commercial consumers – in case of bankruptcy, liquidation of the previous natural gas supplier, suspension or revocation of the previous supplier's natural gas supply license
- for household consumers – in case of absence of a confirmed nomination by the current supplier; absence of a household consumer (consumer's commercial metering point) in the consumer register of any supplier on the GTSO's information platform.

Thus, the amendments provided for a simplified procedure for domestic consumers to switch to SoLR (in the absence of a supplier, automatically through the GTSO's information platform) and for commercial consumers to switch to SoLR - in exceptional cases of liquidation or termination/suspension of the supplier's license.

On February 24, 2022, due to the military aggression of the Russian Federation against Ukraine, Martial Law was declared by the Decree of the President of Ukraine No. 64/2022. According to the Decree of the Cabinet of Ministers of Ukraine No. 793-r of 12.09.2023, during the period of Martial Law and for six months after its termination or cancellation, the GSC is designated as a SoLR without the need for a competition.

• *Have any (other) Public Service Obligations schemes been implemented in Ukraine? If yes, for which purpose?*

Electricity

PSO to ensure the availability of electricity for household consumers

In order to ensure the availability of electricity for household consumers, the Cabinet of Ministers of Ukraine issued the Resolution No. 483 of 5 June 2019 "On Approval of the Regulation on the Imposition of Special Obligations on Electricity Market Participants to Ensure Public Interests in the Functioning of the Electricity

Market" (hereinafter - Resolution No. 483), the Government, in particular, imposed special obligations on the enterprises of JSC NNEGC Energoatom, PJSC Ukrhydroenergo, SE Guaranteed Buyer and universal service providers to ensure the availability of electricity for household consumers.

The mentioned Regulation provides for the payment by the enterprises of NNEGC Energoatom and Ukrhydroenergo in favour of SE Guaranteed Buyer for the service of ensuring the availability of electricity by the guaranteed buyer, in turn, SE Guaranteed Buyer pays for the services of ensuring the availability of electricity to the universal service provider, which is equal to the difference between the market value of electricity consumed by household consumers in the billing month and the cost of electricity consumed by household consumers in the billing period at a fixed price.

PSO to increase the share of electricity generation from RES

Electricity producers that have been granted a feed-in tariff and producers that have acquired the right to support based on the results of the auction are entitled to sell to the guaranteed buyer electricity generated by electricity facilities that use alternative energy sources (including micro, mini and small hydroelectric power plants) (hereinafter – RES facilities).

Throughout the entire period of application of the feed-in tariff or the period of support, if such business entities are part of the balancing group of the guaranteed buyer, the guaranteed buyer is obliged to purchase all the electricity generated by RES facilities:

- from business entities that have been granted a feed-in tariff - at the feed-in tariff established for them;

- from business entities that have acquired the right to support based on the results of the auction - at the auction price;

- from consumers, including energy cooperatives, whose installed capacity does not exceed 150 kW - at the feed-in tariff in the amount exceeding their monthly consumption. Also, universal service providers have special obligations regarding the purchase of surplus electricity generated by renewable energy sources (RES) from private households with installed capacities not exceeding 30 kW for solar energy and 50 kW for wind energy or combined power plants. NPC "Ukrenergo" compensates universal service providers for the difference between the market price and the green tariff price.

Gas PSO

The current PSO regime in the natural gas market is regulated by the Resolution of the Cabinet of Ministers of Ukraine No. 222 of 6 March 2022 "On Approval of the Regulation on the Imposition of Special Obligations on Natural Gas Market Entities to Ensure Public Interest in the Functioning of the Natural Gas Market", and the Resolution of the Cabinet of Ministers of Ukraine No. 812 of 12

July 2022 "On Approval of the Regulation on the Imposition of Special Obligations on Natural Gas Market Participants to Ensure Public Interests in the Functioning of the Natural Gas Market Regarding the Peculiarities of Natural Gas Supply to Heat Producers and Budgetary Institutions".

These Resolutions were adopted as a result of Russia's full-scale invasion of Ukraine. The Resolutions were adopted to ensure the stability of gas supplies in the country, protect the interests of consumers and ensure the country's energy security.

Resolution No. 222

The Resolution is applied in a transparent and non-discriminatory manner and does not restrict the rights of business entities established in accordance with the laws of other states parties to the Energy Community, in particular the right to supply natural gas to consumers, subject to compliance with the requirements of the law. In addition, it does not deprive natural gas suppliers, including those with special obligations, of the right to freely choose a natural gas wholesaler for the needs of their business activities.

This Resolution imposes the following special obligations:

1) on Gas Supply Company Naftogaz Trading LLC - to ensure the sale of natural gas under contracts with natural gas suppliers to household consumers (from May 1, 2022, to August 31, 2024 (inclusive);

2) Gas Supply Company Naftogaz of Ukraine LLC - for the sale of natural gas to gas distribution system operators (from June 1, 2022, and during the martial law, as well as within six months after its termination or cancellation);

3) on NJSC Naftogaz of Ukraine - to provide LLC Gas Supply Company Naftogaz Trading, LLC Gas Supply Company Naftogaz of Ukraine, including as a supplier of last resort, with the natural gas resources necessary to ensure the fulfilment of special duties;

4) JSC Ukrgezvydobuvannya and State Joint Stock Company Chornomornaftogaz - for the sale of natural gas at a price of UAH 7,240 including value-added tax per 1,000 cubic meters of gas, and NJSC Naftogaz of Ukraine - for the formation of a natural gas resource for household consumers, gas distribution system operators and producers of heat and electricity by purchasing such gas (from May 1, 2022 to August 31, 2024);

6) for Gas Supply Company Naftogaz Trading LLC - for the supply of natural gas to business entities engaged in electricity generation at thermal power plants, combined heat and power plants, gas turbine and gas piston plants at the following prices:

for thermal power plants that produce electricity in the heat cycle - UAH 16500 (including value-added tax) per 1000 cubic meters of gas;

for thermal power plants and combined heat and power plants that produce electricity in the condensation cycle - UAH 10950 (including value-added tax) per 1000 cubic meters of gas;

for gas turbine and gas piston plants - UAH 16500 (including value-added tax) per 1000 cubic meters of gas.

Resolution No. 812

The main purpose of this resolution is to ensure stable and uninterrupted supply of natural gas to heat producers and budgetary institutions that are important for society and the economy.

This Resolution

- is applied in a transparent and non-discriminatory manner and does not restrict the rights of business entities established in accordance with the laws of other states parties to the Energy Community, in particular the right to supply natural gas to consumers subject to compliance with the requirements of the law;

- does not deprive heat energy producers of the right to choose a natural gas supplier and the right to purchase natural gas at prices freely set by the parties to the natural gas supply agreement in accordance with the Law of Ukraine "On the Natural Gas Market";

- does not deprive natural gas suppliers, in particular those with special obligations, of the right to freely choose a natural gas wholesaler for the needs of their business activities.

This Resolution imposes the following special obligations on:

1) Gas Supply Company Naftogaz Trading LLC - to ensure the supply of natural gas from September 1, 2022 to August 31, 2024 (inclusive) under contracts with heat energy producers, namely:

heat energy producers that produce heat energy for all categories of consumers;

heat energy producers - condominium associations, housing cooperatives, apartment building managers and business entities that use natural gas for hot water supply and heating of apartment buildings;

heat producers using natural gas for electricity generation (cogeneration);

heat energy producers whose property is managed by business entities engaged by ARMA

2) Gas Supply Company Naftogaz Trading LLC - to ensure the supply of natural gas to consumers that are budgetary institutions, healthcare institutions of state and municipal property, religious organizations at a price of UAH 16390 per 1000 cubic meters including VAT from September 1, 2022 to August 31, 2024;

3) NJSC Naftogaz of Ukraine - to provide LLC Gas Supply Company Naftogaz Trading and LLC Gas Supply Company Naftogaz of Ukraine with the natural gas resources necessary to ensure the fulfilment of special obligations

4) Gas Supply Company Naftogaz of Ukraine LLC - to ensure the supply of natural gas to consumers that are enterprises, institutions, organizations with dormitories on their balance sheets at a price of UAH 7,420 per 1,000 cubic meters

including VAT from November 1, 2022 to August 31, 2024

The Annex to the Resolution establishes Fixed Volume I, Fixed Volume II and Fixed Volume III of natural gas supplies from Gas Supply Company Naftogaz of Ukraine LLC to heat producers. Fixed volumes are calculated by Gas Supply Company Naftogaz Trading LLC based on the arithmetic mean of the actual volume of natural gas used by the heat energy producer in accordance with the acts of acceptance and transfer of the relevant volumes by NJSC Naftogaz of Ukraine (gas volumes for the relevant categories of its use) and Gas Supply Company Naftogaz Trading LLC for the last three years for the period from May 1, 2023 to August 31, 2023 (off-heating period) and from September 1, 2023 to April 15, 2024 (heating period).

Starting from April 16, 2024, fixed volumes of natural gas are calculated by Gas Supply Company Naftogaz Trading LLC based on the arithmetic mean of the actual use of natural gas by the heat energy producer in accordance with the acts of acceptance and transfer of the relevant volumes by NJSC Naftogaz of Ukraine (gas volumes for the relevant categories of its use) and Gas Supply Company Naftogaz Trading LLC for the needs of heat energy production, provision of heat energy supply services, hot water supply for the last three years.

Fixed Volume I is the volume used for the needs of heat energy production for the provision of heat energy and hot water supply services to the population and/or the supply of heat energy as a commercial product for these needs. The price of gas for fixed volume I is UAH 7,420 per 1,000 cubic meters including VAT.

Fixed Volume II is calculated as the difference between the total volume of natural gas withdrawal/consumption by a heat producer and the sum of volumes I-fixed, III-fixed, and the volume used to ensure the security of electricity supply. The price of natural gas for Volume II is determined monthly by the 25th day of the month preceding the month of natural gas supply to the heat producer using a special formula.

Fixed Volume III is the volume used for heat production for the provision of heat and hot water supply services to budgetary institutions/organizations and religious organizations. The price of gas for the fixed volume III is UAH 16390 per 1000 cubic meters including VAT.

• *Does Ukraine have any definitions of active consumers/prosumers? Is there any legislation on Energy Communities?*

The definition of “active customer” and the description of its rights and obligations in the electricity market is defined by the Law “On electricity market”, amended in 2023 by the Law of Ukraine No. 3220-IX “On Amendments to Certain Laws of Ukraine on Restoration and Green Transformation of the Energy System of Ukraine”. For implementation of the Law No. 3220-IX Regulator adopted its regulations and now the concept of active customer is fully implemented in Ukraine.

The Law "On alternative energy sources" defines the definition of "energy cooperative" which outlines the possibility for cooperation between consumers for providing energy-related activities. This definition doesn't fit the requirements of definitions of "citizen energy community" and "renewable energy community" according to provisions of the Clean Energy Package. The draft laws on the Electricity Integration Package implementation and Directive 2018/2001 implementation are developed and will implement Energy Communities concepts after adoption.

• *What is the regime governing third party access ('TPA') to gas pipelines? Is this regulated according to the EU acquis or through dedicated contractual arrangements. e.g. intergovernmental agreements? Have particular pipelines been labelled 'strategic infrastructure' and therefore are exempt from the normal TPA regime?*

No relevant developments during the reporting period.

• *What is the state of the Energy Regulatory Authority in Ukraine (ERA)? Report on staffing numbers and budgets, including salary levels. Are these competitive enough to avoid turnover/loss to industry? Does the ERA have the independence to carry out its tasks? Report on any influence, for instance control of budgets or the process to nominate persons to the board.*

In accordance with the NEURC Law, the special status of the Regulator is determined by its tasks and powers and includes, in particular, a specific organization and procedure for the Regulator's activities, a special procedure for the appointment of the Regulator's members and their termination of powers, special procedural principles of the Regulator's activities and guarantees of independence in making decisions within the powers defined by the Law, and setting remuneration conditions for the Regulator's members and employees. One of the main principles of the Regulator's activities, as defined by the Law, is autonomy and independence.

In accordance with the Law, the Regulator has sufficient human and financial resources to perform its tasks. The NEURC independently allocates and manages the funds allocated for the respective year. Remuneration of the Regulator's members, employees of the central office and territorial bodies of the Regulator provides sufficient material conditions for the independent performance of their duties and encourages conscientious work.

The NEURC is financed by a regulatory fee collected from all licensees subject to the NEURC's regulation. Regulatory fees are credited to the revenues of the special fund of the State Budget of Ukraine, are not subject to withdrawal and are used for their intended purpose to finance the activities of the Regulator, its central office and territorial bodies.

The NEURC is financed by regulatory fees paid by business entities operating

in the energy and utilities sectors in accordance with Article 13 of the NEURC Law. The contribution rate is calculated as a percentage of the licensee's net income from the activities regulated by the NEURC and is collected on a quarterly basis.

The NEURC employs 600 people.

The annual NEURC budget for 2024 is approximately 20.26 mln euro.

3. Hydrocarbons

- ***What is the state of alignment with the Hydrocarbons Licensing Directive?***

No relevant developments during the reporting period.

- ***What is the state of alignment with the Directive on Safety of Offshore Oil and Gas installations?***

No relevant developments during the reporting period.

4. Renewable energy

- ***Is there a National Renewable Energy Action Plan? Has this been prepared and submitted/approved by the Energy Community Secretariat? Detail the headline target (% of primary energy consumed coming from RES by 2023) and the latest annual figure.***

The development of RES in Ukraine was determined by the National Action Plan for the Development of Renewable Energy for the period until 2020, approved by the Decree of the Cabinet of Ministers of Ukraine No. 902-r of 1 October 2014 (hereinafter - NAP 2020).

The NAP 2020 set an indicative goal of increasing the share of energy carriers produced from renewable energy sources in the structure of total final energy consumption in 2020 to a level of at least 11%, including:

renewable energy sources in heating and cooling systems – 12.4%;

renewable energy sources in electric power – 11%;

renewable energy sources in the transport sector – 10%.

As of the end of 2021, this share was 9.2%, including:

renewable energy sources in heating and cooling systems – 9.3%;

renewable energy sources in electric power - 13.9%;

renewable energy sources in the transport sector – 2.5%.

In December 2022, the Energy Community Ministers Council made a decision (No. 2022/02/MC-EnC) approving Ukraine's goal of achieving a 27% share of renewable energy sources in its energy balance by 2030.

On November 30, 2021, the Council of Ministers of the Energy Community adopted Decision No. 2021/14/MC-EnC according to which Ukraine is obliged to implement Clean energy for all Europeans package, in particular in terms of harmonization of national legislation in accordance with Directive 2018/2001/EC "On the promotion of the use of energy from renewable sources" (hereinafter - Directive 2018/2001/EC), which repeals Directive 2009/28/EC.

Paragraph 2 of Article 3 of Directive 2018/2001/EC stipulates that Member States must establish national contributions for collective compliance with the mandatory common target of the European Union within the framework of their integrated national energy and climate plans in accordance with Regulation (EU) 2018/1999.

Currently, Ukraine is working on the development of the National Energy and Climate Plan.

● ***What is the state of alignment with the Renewable Energy Directive? (Including implementing legislation)***

The level of implementation of Directive (EU) 2018/2001 is approximately 35%. The provisions of Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources are implemented in the Laws of Ukraine "On Alternative Energy Sources", "On alternative types of fuels" as well as in secondary legislation of the Cabinet of Ministers of Ukraine and Regulator.

Definitions are partly harmonized. Market-based support schemes are implemented. Legislation for guarantees of origin for renewable electricity and biomethane is adopted.

The draft law on implementation of other provisions of Directive (EU) 2018/2001, including amendments of Directive (EU) 2023/2413 of 18 October 2023, is developed by the Ministry of Energy and, after adoption, will implement, in particular, the provisions of calculation of the share of energy from renewable sources, statistical transfers, joint projects between Member States and third countries, joint support schemes, information and training, biofuels, bioliquids and biomass fuels, renewable fuels of non-biological origin, recycled carbon fuels, sustainability and greenhouse gas emissions saving criteria, renewable acceleration areas and other.

● ***What is the capacity in both the Ministry and the Regulatory Authority to manage RES?***

No relevant developments during the reporting period.

● ***What kind of support schemes are there in Ukraine to promote RES? Feed-in tariffs? Preferential feed-in?***

Ukraine applied market-based support schemes according to Article 4 of Directive (EU) 2018/2001.

Existing schemes of support for RES (Renewable Energy Sources) include:

Establishment of a feed-in tariff for electricity generated from RES (applicable to business entities, electricity consumers and energy cooperatives generating up to 150 kW, as well as private households with generating units up to 50 kW) under Article 9-1 of the Law of Ukraine "On Alternative Energy Sources" and the Procedures for establishing, reviewing, and terminating the feed-in tariff for electricity for business entities, electricity consumers, including energy cooperatives and private households, whose generating units produce electricity from alternative energy sources, approved by the Resolution of the National Energy and Utilities Regulatory Commission No. 641 of 26 April 2019 (with amendments).

Establishment of an additional payment to the feed-in tariff for compliance with the level of use of Ukrainian-manufactured equipment (applicable to business entities) under Article 9-2 of the Law of Ukraine "On Alternative Energy Sources" and the Procedure for determining the level of use of Ukrainian-manufactured equipment at electricity facilities, including those put into operation in construction stages of power plants (launch complexes) that generate electricity from alternative energy sources, as well as the establishment of a corresponding surcharge to the feed-in tariff or auction price, approved by the Resolution of NEURC No. 2932 of 10 December 2015.

The introduction of the auctions for the distribution of support quotas, under Article 9-3 of the Law of Ukraine "On Alternative Energy Sources" and the Procedure for conducting auctions for the distribution of support quotas, were approved by the Cabinet of Ministers of Ukraine Resolution No. 1175 of 27 December 2019 (with amendments). Renewable auctions are held under contract for difference model. There is a possibility for conducting auctions for RES facilities in combination with energy storages.

The introduction of the sliding market premium model (feed-in premium) for RES producers under the feed-in tariff model is implemented in Article 65 of the Law of Ukraine "On electricity market" and Resolution of the National Energy and Utilities Regulatory Commission No. 641 of 26 April 2019. This model provides an opportunity for RES producers to voluntarily switch from feed-in tariff to feed-in premium.

The introduction of financial Corporate PPA is introduced by Article 9-5 of the Law of Ukraine "On Alternative Energy Sources", which provides an opportunity to RES producers to conclude direct agreements with consumers, suppliers or traders. The PPA is concluded under contract for difference model.

Prosumers have the possibility to install RES facilities in their households with installed capacity up to 30 kW for solar and up to 50 kW for wind or combined

wind/solar systems under the FiT model. Additionally, article 58-1 of the Law of Ukraine "On the Electricity Market and article 9-6 of the Law of Ukraine "On Alternative Energy Sources" provides the possibility for active customers to operate under the Net Billing model. The model envisages money netting between prosumers, who installed RES facilities, and suppliers for injected to the grid and consumed electricity.

• ***What is the capacity of the grid to manage the input from RES? What actions do you plan to address potential shortcomings?***

Pursuant to the provisions of Article 37 of the Law of Ukraine "On the Electricity Market" and Section II of the Transmission System Code, in 2023, NPC Ukrenergo developed the document "Transmission System Development Plan for 2024-2033" (hereinafter referred to as the Development Plan).

The Development Plan is developed based on the report on the assessment of the adequacy (sufficiency) of generating capacities, as well as plans for the development of adjacent transmission systems and electricity distribution systems.

The transmission system Development Plan for the next 10 years contains, in particular:

- 1) measures aimed at ensuring the security of electricity supply;
- 2) the main transmission system facilities, the construction or reconstruction of which is advisable within the next 10 years;
- 3) information on the transmission system facilities to be constructed and/or reconstructed within the next 10 years, the terms of their construction and/or reconstruction, and sources of funding;
- 4) information on investments in the transmission system facilities for which decisions have already been made and which are under implementation, indicating the forecast investments to be made over the next three years.

Implementation of the transmission system development measures envisaged by the Development Plan will ensure that the transmission system meets the needs of the electricity market, including the long-term capacity of RES power plants. Additionally, distribution system operators develop and regularly update their own five-year distribution system development plans, which take into account the transmission system development plan. These development plans undergo a coordination procedure and are approved by the NEURC.

• ***Mention the way in which hydropower planning is conducted. Does this take place according to a proper Environmental Impact Assessment?***

The development planning of hydropower is being carried out within the framework of the Energy Strategy of Ukraine for the period until 2050, which was approved by Resolution of the Cabinet of Ministers of Ukraine's No. 373-r of 21

April 2023.

Meanwhile, the Ministry of Energy of Ukraine has developed a draft Resolution of the Cabinet of Ministers of Ukraine "On approval of the Action plan for the implementation of the Energy Strategy of Ukraine until 2050" and has initiated the procedure for its strategic environmental assessment in accordance with the Law of Ukraine "On Strategic Environmental Assessment". Measures for the development of hydropower are outlined in the "Hydropower" section of the mentioned Action plan.

• *What is the capacity to deliver certificates of origin? Is Ukraine in the process of joining an international certification system? What is the governance of your system, and mechanisms to prevent fraud?*

Ukraine implemented the provisions of Article 19 "Guaranties of origin" of Directive (EU) 2018/2001 regarding the implementation of guarantees of origin for renewable electricity and biomethane.

The Law of Ukraine "On alternative energy sources", the Law of Ukraine "On the Electricity Market" and the Resolution of the Cabinet of Ministers of Ukraine No. 227 of 27 February 2024 define the conditions for the issuance, transfer and cancellation of guarantees of origin for renewable electricity. The issuing body is the National Energy and Utilities Regulatory Commission.

The Law of Ukraine "On alternative types of fuels" and the Resolution of the Cabinet of Ministers of Ukraine No. 823 of 22 July 2022 define the conditions for the issuance, transfer and cancellation of guarantees of origin for biomethane. The issuing body is the State Agency on Energy Efficiency and Energy Saving of Ukraine.

Ukraine is working on the technical implementation of registers for guarantees of origin in line with CEN-EN 16325. For renewable electricity the register is expected to be operating in summer 2024. The Ukrainian register is based on the software of the Grexel company and will be a part of the Regional register of the Energy Community. Ukraine makes significant efforts for recognition of Ukrainian guarantees of origin for renewable electricity according to the European Commission's road map. The work about joining the Ukrainian biomethane register to the Union database is ongoing.

• *Mention any possible obstacles to RES investments (planning and licensing, difficulties connecting to the grid, difficulties obtaining a Power Purchasing Agreement).*

The main obstacle in Ukraine for future RES investments is the ongoing military aggression of the Russian Federation and the risks related to this. Due to the military aggression of the Russian Federation, the electricity market has limited resources to ensure full payment to existing producers at the "green" tariff, which

leads to the accumulation of state debt to investors. This factor also creates obstacles for future investments.

The absence of mutual recognition of guarantees of origin is also an obstacle to RES investments (the conclusion of an agreement between the EU and Ukraine on mutual recognition of guarantees of origin is necessary).

- ***Which mechanisms are in place to support renewable heat?***

To stimulate the production of heat from RES, the Verkhovna Rada of Ukraine adopted the Law "On Amending the Law of Ukraine "On Heat Supply" on Stimulating the Production of Heat from Alternative Energy Sources No. 1959-VIII dated 21 of March 2017, which provides stimulating tariff for thermal energy from alternative sources. The tariff for thermal energy from alternative sources is set at the level of 90% of the current tariff for thermal energy from gas (and in the absence of it - at the level of the weighted average tariff for thermal energy from gas by region).

The mechanism for formatting and compensating tariffs for heat energy from alternative types of fuel is imperfect. So the SAEE proposed to amend Article 20 of the Law of Ukraine "On Heat Supply" and to give the right to business entities to determine the method of calculation tariffs on heat energy produced from alternative types of fuel either at the rate of 90% of weighted average tariffs on heat energy produced from natural gas or to calculate economically justified tariffs on heat energy produced from alternative types of fuel according to their economically justified costs.

In order to implement the provisions of Directive 2004/8/EC and Directive 2012/27/ EU, on 24 February 2023, the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On amendments to the Law of Ukraine "On combined production of heat and electric energy (cogeneration) and use of waste energy potential" aiming at the development of highly efficient cogeneration.

5. Energy efficiency

- ***Is there a National Energy Efficiency Action Plan? Has this been prepared and submitted/approved by the Energy Community Secretariat? Summarise the headline targets.***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Is there an Energy Efficiency body in Ukraine or is this a part of the main Ministry? What is its capacity? Has Ukraine established an Energy Efficiency fund?***

The information provided by Ukraine as part of the 2023 Enlargement Package

remains relevant.

● ***What steps has Ukraine undertaken for the implementation of the Energy Efficiency First principle?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***What is the state of alignment with/transposition of the Energy Efficiency Directive (EU) 2012/27/EU as amended by Directive (EU) 2018/2002? (Including implementing legislation).***

The long-term strategy of thermal modernization of buildings for the period until 2050 was approved by the Order of the Cabinet of Ministers of Ukraine No. 1228 of 29 December 2023 "Some issues of strategic development of energy efficiency of buildings".

The Ministry for Communities, Territories and Infrastructure Development of Ukraine has developed a draft resolution of the Cabinet of Ministers of Ukraine on approving an exemplary position of the energy management unit in local self-government bodies, on approving an exemplary procedure for the use of savings resulting from the operation of the energy management system, and on changes to the Procedure for the Implementation of Energy Management Systems, approved by a resolution of the Cabinet of Ministers of Ukraine dated 23.12. 2021 No. 1460.

The Ministry for Communities, Territories and Infrastructure Development of Ukraine completed the joint development with experts of the draft resolution of the Cabinet of Ministers of Ukraine "Some issues of ensuring the functioning of the national database of energy and operational characteristics of buildings" and it was agreed with the Central Committee of the Ministry of Infrastructure. Currently, financial and economic justifications for the project are being developed for its further submission to the government.

To implement Directive 2012/27/EU, the Law of Ukraine No. 2955-IX dated 24.02.2023 "On Amendments to the Law of Ukraine "On Combined Production of Thermal and Electric Energy (Cogeneration) and Use of Waste Energy Potential" on the High-Efficiency Cogeneration Development" was adopted.

The Law changes the current cogeneration facility qualification mechanism to a new high-efficiency cogeneration qualification mechanism that will meet the requirements of Directive 2012/27/EU dated October 25, 2012 "On energy efficiency", and introduces a guarantee of origin for electricity produced by high-efficiency cogeneration facilities.

To implement the above-mentioned Law, the State Agency on Energy Efficiency and Energy Saving of Ukraine has developed all the necessary by-laws, which are at various stages of approval.

● ***What is the state of alignment with the Energy Performance of Buildings Directive 2010/31/EU as amended by Directive (EU) 2018/844? (including for secondary legislation under the EPBD).***

On December 29, 2023, the order of the Cabinet of Ministers of Ukraine (№ 1228) "Some issues of strategic development of the energy efficiency of buildings" (hereinafter – Strategy) was adopted, which approved the Long-term strategy of thermal modernization of buildings for the period until 2050 and the Concept of the State targeted economic program to support the thermal modernization of buildings until 2030 (hereinafter – Program).

The purpose of the Program is to increase the number of thermal modernization projects of residential buildings and public buildings (increasing the pace of thermal modernization), increase the number of buildings with close to zero energy consumption, which will contribute to reducing the country's dependence on imported natural gas, in particular of Russian origin, and strengthening Ukraine's energy independence.

As provided for in Article 3a of the Council Directive 2010/31/EU, for the implementation of which the Strategy was developed, in particular, the specified provision of the EU Directive determines that the Strategies of the EU member states must be approved together with the specified measures that provide for the financing of tasks aimed at achieving the goals of the Strategy.

The draft resolution of the Cabinet of Ministers of Ukraine "Some issues of ensuring the functioning of the national database of energy and operational characteristics of buildings" was developed by the Ministry of Infrastructure. Along with this, the development of the Building Database was:

- developed technical requirements for building database development;
- it was agreed to attract funds from the international technical assistance (GIZ) project;
- a tender was announced for the performance of works on the development of the Building Database;
- the executor of the work on the development of the Building Database is determined;
- an agreement on the development of the Building Database has been prepared, which is currently being approved by the Ministry of Digital, after which it will be submitted for signature by the parties; After the signing of the contract, the development of the Database of buildings as part of the EDESSB will be started, the estimated time is 3-4 months.

On July 6, 2023, the Order of the Ministry for Communities, Territories and Infrastructure Development of Ukraine (No. 578) "On the approval of the Methodology for determining the basic annual level of consumption of fuel and energy resources and housing and communal services" was adopted.

● *Detail any possible difficulties or obstacles at national level for the complete and correct implementation*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Does Ukraine have in place a realistic and feasible action plan for addressing the current transposition gap?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Is the administrative capacity (resources) at national level, in the area of energy performance of buildings, sufficient/adequate for the purposes of both the transposition of the EPBD but also its enforcement or does it need to be reinforced?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

6. Energy Labelling and EcoDesign

● *What is the state of alignment with Ecodesign Directive 2009/125/EC, Energy labelling framework Regulation (EU) 2017/1369 and Regulation (EU) 2020/740 on labelling of tyres? Also, with ecodesign omnibus Regulation (EU) 2021/341 and energy labelling omnibus Regulation (EU) 2021/340?*

● *What is the state of alignment with the specific Regulations adopted for each product group? Overview of existing EU Ecodesign, Energy Labelling and Tyre Labelling measures.*

● *Also, we would like to mention that the Ecodesign directive will be replaced by the Ecodesign for Sustainable Products Regulation to be published in May June See the link to the Proposal for a Ecodesign for Sustainable Products Regulation EUR-Lex - 52022PC0142. Ecodesign for sustainable products (europa.eu).*

Directive 2009/125/EC has been implemented by the Resolution of the Cabinet of Ministers of Ukraine № 804 of 3 October 2018 "On Approval of the Technical Regulation on the Establishment of a System for Determining Requirements for the Ecodesign of Energy Consuming Products".

Regulation (EU) 2017/1369 has been implemented by the Order of the Ministry of Energy of Ukraine № 164 of 27 April 2022 "On Approval of the Technical Regulation on Energy Labeling of Energy Consuming Products".

Regulation (EU) 2020/740 of the European Parliament and Council of 25 May

2020 "On the labelling of tyres with respect to fuel efficiency and other parameters amending Regulation (EU) 2017/1369 and repealing Regulation (EC) No 1222/2009" has not yet been implemented.

Also, to a large extent implemented Commission Regulation (EU) 2021/341 of 23 February 2021 amending Regulations (EU) 2019/424, (EU) 2019/1781, (EU) 2019/2019, (EU) 2019/2020, (EU) 2019/2021, (EU) 2019/2022, (EU) 2019/2023 and (EU) 2019/2024 on eco-design requirements for servers and data storage products, variable speed motors and drives, refrigerating appliances, light sources and certain control mechanisms, electronic displays, household dishwashers domestic washing machines and domestic tumble dryers and refrigeration equipment with a direct sales function and Commission Regulation (EU) 2021/340 of 17 December 2020 amending Delegated Regulations (EU) 2019/2013, (EU) 2019/2014, (EU) 2019/2015, (EU) 2019/2016, (EU) 2019/2017 and (EU) 2019/2018 as regards energy labeling requirements for electronic displays, household washing machines and household tumble dryers, light sources, refrigeration equipment, household dishwashers and refrigeration equipment with a direct sales function, namely:

the following resolutions of the Cabinet of Ministers of Ukraine were adopted:

No. 834 of 08 August 2023 "On Approval of the Technical Regulations on Ecodesign Requirements for Household Washing Machines and Household Washing and Drying Machines"

No. 1263 of 01 December 2023 "On Approval of the Technical Regulations on the Requirements for the Ecodesign of Refrigerators";

No. 1018 of 22 September 2023 "On Approval of the Technical Regulations on the Requirements for the Ecodesign of Light Sources and Individual Starters";

No. 3 of 03 January 2024 "On Approval of the Technical Regulations on the Requirements for the Ecodesign of Household Dishwashers";

Orders of the Ministry of Community Development, Territories and Infrastructure of Ukraine were adopted:

No. 795 of 08 September 2023 "On Approval of the Technical Regulations for Energy Labeling of Household Dishwashers", registered with the Ministry of Justice of Ukraine on 02 November 2023 under № 1904/40960

No. 796 of 08 September 2023 "On Approval of the Technical Regulations for Energy Labeling of Refrigerators", registered with the Ministry of Justice of Ukraine on 02 November 2023 under № 1903/40959;

No. 991 of 30 October 2023 "On Approval of the Technical Regulations for Energy Labeling of Household Washing Machines and Household Washing and Drying Machines", registered with the Ministry of Justice of Ukraine on 25 December 2023 under № 2238/41294;

No. 1106 of 06 December 2023 "On Approval of the Technical Regulations for Energy Labeling of Electronic Displays", registered with the Ministry of Justice of

Ukraine on 05 February 2024 under № 177/41522;

draft resolutions of the Cabinet of Ministers of Ukraine "On Approval of the Technical Regulations on Ecodesign Requirements for Electronic Displays" and "On Approval of the Technical Regulations on Ecodesign Requirements for Electric Motors and Variable Speed Drives", and a draft order of the Ministry of Infrastructure "On Approval of the Technical Regulations on Energy Labeling of Light Sources" have been developed and are undergoing the approval procedure.

Two more draft resolutions of the Cabinet of Ministers of Ukraine "On Approval of the Technical Regulation on Ecodesign Requirements for Refrigerators with a Direct Selling Function" and "On Approval of the Technical Regulation on Ecodesign Requirements for Servers and Data Storage Products" are under development, as well as a draft order of the Ministry of Infrastructure "On Approval of the Technical Regulation on Energy Labeling of Refrigerators with a Direct Selling Function".

• In what way market surveillance authorities are deploying their activities and to which extent a comprehensive approach covering also products under Ecodesign and Energy labelling is in place/will be in place? The Ecodesign Directive, the Energy labelling framework and Regulation on labelling of tyres are listed in Annex I to Regulation 2019/1020 as Union harmonisation legislation for which Regulation 2019/1020 on market surveillance and compliance of products is relevant.

According to the approved sectoral plan for state market surveillance for the year 2023, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 852 of 11 August 2023, throughout 2023, products classified as posing an elevated risk, specifically non-directional household lamps, were inspected for their compliance with the Technical Regulation on eco-design requirements for non-directional household lamps, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 734 of 14 August 2019, and the Technical Regulation on establishing a system for defining eco-design requirements for energy-related products, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 804 of 3 October 2018.

During the reporting period, 134 inspections of product characteristics were conducted, including:

94 planned inspections of product characteristics;

80 ad-hoc inspections of product characteristics.

As a result of the conducted inspections of product characteristics, 838 restrictive (corrective) measures were taken regarding products that did not comply with the established requirements and/or posed a serious risk, including:

811 decisions on restricting the provision of products on the market;

27 decisions on banning the provision of products on the market.

According to the approved sectoral plan for state market surveillance for the year 2024, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 261 of 8 March 2024,, inspections of characteristics of such products as non-directional household lamps will continue throughout 2024.

7. Nuclear energy, nuclear safety and radiation protection

● *If Ukraine is planning to build NPPs, summarise the developments in the last year.*

Construction of power units No. 3, 4 of the Khmelnytsky NPP

Now, practical activities for the construction of new nuclear generating capacities, like the completion of the construction of units Khmelnytsky 3 and 4 with the application of VVER technology are underway.

In November 2023, the Atomproektengineering division of the state-owned Energoatom Company signed an agreement with Westinghouse Electric Sweden AB to analyze options for completing KhNPP Units 3 and 4. Westinghouse was to assess the feasibility of two potential procurement strategies. Option "A" is to obtain the B-466B reactor unit stored at the Belene NPP site (Bulgaria), and option "B" is to obtain the B-320 reactor from Skoda JS (Czech Republic).

SNRIU, with the involvement of the State Scientific and Technical Center for Nuclear and Radiation Safety of Ukraine (SNRIU's TSO), conducted a review of the reports on updating the survey and confirming the durability and reliability of the construction structures of buildings and structures of power units No. 3, 4 of the Khmelnytsky NPP (revised taking into account Operating Organization's approaches approved by SNRIU) and confirmed that its can be used in further work regarding construction of No. 3, 4 of the Khmelnytsky NPP.

Draft law concerning the completion of construction of Khmelnytsky units 3 and 4 was approved by the Government on April 2, 2024, and now is under consideration by the Verkhovna Rada of Ukraine.

Preparations for the construction at Khmelnytsky NPP of units 5 and 6 based on Westinghouse AP1000 technology have begun recently at the plant's construction site.

After the completion of the construction of these units at Khmelnytsky NPP, the plant's capacity will exceed the capacity of the russian-occupied Zaporizhzhya NPP, which is currently the largest in Europe.

A corresponding feasibility study was developed and the state review on nuclear and radiation safety of the feasibility study "Construction of power units No. 5, 6 with AP 1000 nuclear installation at the site of Khmelnytsky NPP" has been started by the State Nuclear Regulatory Inspectorate of Ukraine.

The draft law is currently being prepared for further consideration by the Government and the Verkhovna Rada of Ukraine.

In 2023 an agreement was signed with Westinghouse on the purchase of the main equipment of the AP1000 nuclear island for Khmelnytsky NPP Unit 5. The agreement allows to significantly reduce the time and cost of construction of the first AP1000 power unit in Ukraine.

SMRs development

The operating organization of Ukraine JSC "NNEGC "Energoatom" in 2023 signed an agreement with Holtec International on the construction of Holtec SMR small modular reactors with a total capacity of up to 3000 MW. The Memorandum of Understanding on SMR technology research was also signed by the American company Westinghouse and the British company Rolls Royce SMR. An agreement of intent was signed with Hyundai E&C to cooperate in supporting the implementation of new nuclear power plant projects in Ukraine with large and small PWR reactors, as well as to explore opportunities to attract financing for the implementation of these projects in Ukraine.

The State Nuclear Regulatory Inspectorate of Ukraine and the State Scientific and Technical Center for Nuclear and Radiation Safety have carried out the following activities that are potentially related to the development and implementation of SMRs in Ukraine:

1) Performance of the task "Development of the regulatory document "Regulations on the pre-licensing assessment of the nuclear installation design" within the framework of the cooperation program SNRIU and the US Nuclear Regulatory Commission NRC (**document already has been approved by SNRIU Board on 19 October 2023**);

2) Provision of consulting support to the NuScale company when performing a comparative analysis of the regulatory framework of Ukraine and the foundations laid down in the NuScale SMR project within the framework contract "Ukraine Licensing Gap Consultation" with NuScale, which is implemented with support USTDA – trade and development agency (USA) and STCU (Science and Technology Center) (Ukraine) (**finished in the end of 2023**).

● *What is the state of play in alignment with the Euratom Treaty and with the main elements of the secondary law acquis (Nuclear Safety Directive as amended, Basic Safety Standards Directive, Euratom Drinking Water Directive, Radioactive Waste Directive, Directive on the supervision and control of shipments of radioactive waste and spent fuel)?*

As a result of the implementation of legislative initiatives prepared within the framework of harmonization of the national legislation of Ukraine in the field of nuclear energy safety with the provisions of the EU acquis, the following were adopted in 2023:

- The Law of Ukraine No. 3344-IX of 23.08.2023 "On Amendments to Certain Laws of Ukraine on Human Protection from Ionizing Radiation", as part of the implementation of Council Directive 2013/59/Euratom, which aims to introduce a system of radiation protection of personnel and the public in exposure situations, taking into account the provisions of EU law and the experience gained in state regulation of nuclear and radiation safety;

- Resolution of the Cabinet of Ministers of Ukraine No. 268 of 10 March 2023 "On Amendments to the Provisions on the State Nuclear Regulatory Inspectorate of Ukraine", which expands the SNRIU's powers and aligns them with the relevant provisions of Council Directives 2014/87/Euratom and 2013/59/Euratom.

A draft law of Ukraine "On the National Nuclear Regulatory Commission" was developed, which aims to consolidate the status of the state nuclear and radiation safety regulatory authority as a central executive body with a special status at the legislative level, which will serve to increase the efficiency of its activities and independence in making regulatory decisions.

• *Which treaties, conventions and protocols has Ukraine ratified? What remains to be signed and ratified? This should focus on the important texts (non-proliferation, protection of nuclear material, notification in the case of a nuclear accident, safety of spent fuel management...)*

No relevant developments during the reporting period.

• *Is Ukraine a member of the ECURIE system, provides data to EURDEP?*

As of now, Ukraine is not a member of ECURIE. However, on April 12th, Ukraine received a letter regarding the extension of ECURIE to Ukraine. Following a review of the agreement regarding ECURIE accession, the decision will be communicated to the EU through the competent body.

• *Does Ukraine have facilities carrying out continuous monitoring of the level of radioactivity in the air, water and soil?*

Yes, within the framework of licenses, measuring radioactivity in air, water, and soil is carried out by operating organizations of nuclear installations and storage facilities for storing and burying radioactive waste at sites and in observation areas.

The measurement of the dose rate of the gamma background, the concentration of radionuclides in the air, surface, groundwater, and soil is carried out in the territory of the exclusion zone of the DPS "Ekocentr", as well as on the network of hydrometeorological observations of the UkrHMC of the State Emergency Service.

- ***What is the status of Radon monitoring in Ukraine?***

The procedure and methodology of radon monitoring in Ukraine and notification of radiation risks are approved by the Order of the Ministry of Health of Ukraine No. 1786 of 13 October 2023 "On Approval of the Procedure for Radon Monitoring in Ukraine and Notification of Radiation Risks and Methods of Radon Monitoring."

- ***As regards nuclear Safeguards (Euratom Chapter VII, and the 2005 Regulation on application of Euratom Safeguards): these apply automatically upon accession. Where is Ukraine in preparing to apply Chapter VII of the Euratom Treaty (there should be no national law hindering the access of Euratom inspectors to the installations) and the 2005 Regulation?***

Commission Regulation (Euratom) No 302/2005 of February 8, 2005 on the application of Euratom safeguards. Currently, safeguards in Ukraine are applied in accordance with the agreement between Ukraine and the International Atomic Energy Agency for the Application of Safeguards in Connection with the Treaty on the Non-Proliferation of Nuclear Weapons. Upon accession to the EU, Ukraine will sign and implement the agreement between the Non-Nuclear Weapon States Members of the Community, the European Atomic Energy Community, and the International Atomic Energy Agency, as INFCIRC/193.

- ***2 years prior to accession a trilateral discussion Euratom/IAEA/Ukraine should start about the accession to the Comprehensive Safeguards agreement (INFCIRC 193).***

No relevant developments during the reporting period.

- ***What is the state of the Nuclear Regulatory Authority in Ukraine? Are legal requirements in place to ensure that sufficient human and financial resources are available for the NRA? Report on staffing numbers and budgets, including salary levels.***

- ***Does the NRA have the independence to carry out its tasks? Report on any mechanisms to counter conflicts of interest and undue influence in the decision-making, for instance control of budgets or the process to nominate persons to the board.***

- ***What are the mechanisms to ensure that the NRA is functionally separate from any other body or organisation concerned with the promotion or utilisation of nuclear energy, particularly nuclear operators?***

In accordance with the Regulation on the State Nuclear Regulatory Inspectorate of Ukraine (SNRIU), approved by the Resolution of the Cabinet of Ministers of Ukraine No. 363 of 20 August 2014, SNRIU is a central authority of

executive power whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine and ensures the development and implementation of state policy in the area of safety of nuclear energy use.

One of the main tasks of the SNRIU is the implementation of state regulation of the safety of the use of nuclear energy, which involves: establishing regulatory criteria and requirements that determine the conditions for the use of nuclear energy (regulation), conducting permissive activities and implementing state supervision, including enforcement measures etc.

According to Article 23 of the Law of Ukraine "On the use of nuclear energy and radiation safety", the state regulatory body for nuclear and radiation safety is independent of state bodies, institutions, and officials whose activities are related to the use of nuclear energy, local executive bodies and local self-government bodies, associations of citizens.

In order to ensure the effective independence of the competent regulatory body from undue influence on the process of development and adoption of regulatory decisions, on the initiative of the State Nuclear Regulatory Inspectorate of Ukraine, the Law of Ukraine No. 613-IX was adopted on May 19, 2020, which amended the Law of Ukraine "On the Basic Principles of State Supervision (Control) in the sphere of economic activity" and to the Law of Ukraine "On Licensing Types of Economic Activity".

In order to strengthen the institutional stability, efficiency, and independence of the state regulatory body and to consolidate its legislative status as a state collegial body of executive power with a special status, the SNRIU developed a draft law of Ukraine "On the National Nuclear Regulatory Commission". The draft law was submitted for consideration by the Cabinet of Ministers. At present, the Government has returned the draft law for revision in order to take into account the uniform approaches to remuneration based on the classification of positions introduced by the reform of the system of remuneration of civil servants.

The activity SNRIU is directed and coordinated by the Cabinet of Ministers of Ukraine.

The Chairman and Deputies of SNRIU are appointed by the Cabinet of Ministers of Ukraine in accordance with public service legislation.

• *In case Ukraine has plans to build a NPP or another nuclear installation, what will happen to the radioactive waste and spent fuel? What is the state of the nuclear waste / radioactive material storage depot?*

In 2023, NNEGC Energoatom commissioned the first operational complex of the Centralized Spent Fuel Storage Facility (CSFSF) using Holtec International technology. This facility will safely store spent nuclear fuel from the Rivne, Khmelnytsky, and South Ukrainian nuclear power plants for 100 years. The CSFSF represents a new Ukrainian nuclear installation built with advanced global

technologies to ensure reliable isolation of spent nuclear fuel and prevent its ionizing impact on the environment. During its operation, the CSFSF will store all spent nuclear fuel generated by the aforementioned power plants until the end of their operational lifetimes, amounting to 16,529 spent fuel assemblies from VVER-1000 and VVER-440 reactors. Filling the CSFSF to its design capacity will occur over 50 years (active operational period), involving the installation of fifteen initial complexes. As part of commissioning the first complex, all buildings and structures specified in the CSFSF project were completed, along with the installation of four HI-STORM storage containers. Subsequent complexes will only involve filling and installing storage containers on the facility site. The commissioning of the first complex was completed within a short timeframe after the release of the exclusion zone around the Chornobyl NPP from occupation and amidst the full-scale Russian military invasion of Ukraine.

The establishment of the CSFSF marks a significant achievement for Ukraine, allowing it to break free from monopolistic dependence on Russian companies for spent nuclear fuel storage and processing services, saving \$200 million annually. It will also contribute to the continuous operation of domestic nuclear power plants and enhance national energy security.

● *What is the state of licensing of nuclear installations in Ukraine (for example waste storage facility, nuclear power plant, enrichment plant, nuclear fuel fabrication plant, reprocessing plant, research reactor facility, spent fuel storage facility)? What is the capacity of the storage facility?*

No relevant developments during the reporting period.

● *Does Ukraine intend to participate in the Capital and Advisory Committee of the Euratom Supply Agency?*

No relevant developments during the reporting period.

● *Does the country envisage any problems in conforming to the provisions of chapter VI of Euratom as regards the nuclear material and fuel supplies, e.g. grandfathering existing supply contracts?*

Requires further analysis.

● *What is the state of play in the country as regards international cooperation in the nuclear regulatory field?*

State Nuclear Regulatory Inspectorate of Ukraine (SNRIU):

- serves as a single national point of contact according to the Convention on Early Notification of a Nuclear Accident, the Convention on Assistance in the Event

of a Nuclear Accident or Radiation Emergency and the Convention on the Physical Protection of Nuclear Material and Nuclear Installations;

- organizes and coordinates the preparation of national reports on the measures taken by Ukraine to fulfil its obligations under the Convention on Nuclear Safety, the Joint Convention on the Safety of Spent Fuel Management and the Safety of Radioactive Waste Management, approves such reports and submits them to the relevant international organizations;

- carries out the international exchange of operational information on nuclear events within the framework of the international scale of nuclear events INES;

- represents Ukraine in the International Atomic Energy Agency (IAEA) and coordinates the interaction of executive bodies with the IAEA.

- ensures the implementation of bilateral intergovernmental and interdepartmental international agreements in the field of nuclear and radiation safety regulation. The SNRIU has a stable partnership with the regulatory authorities of the United States of America, Germany, Sweden, Norway, and others.

- ensures, within its competence, the implementation of the provisions of the EU-Ukraine Association Agreement;

- cooperates with the European Commission under the Instrument for Nuclear Safety Cooperation (INSC);

- represents Ukraine in the Western European Nuclear Regulators Association (WENRA) and interacts with the European Nuclear Regulators Group (ENSREG);

- interacts with the European Bank for Reconstruction and Development (EBRD) in the framework of the implementation of 2 grant agreements (SNFSF-2 / ZPRRV, "Shelter").

8. National energy and climate plan

- *Where does Ukraine stand in terms of preparation and adoption of the NECP?*

Ukraine has achieved good progress in the NECP preparation. The alignment with the EU energy and climate governance model under the NECP umbrella started in 2023 under the coordination of the Ministry of Economy of Ukraine. The Interagency Working Group on the Preparation of Proposals and Recommendations for the Development of the National Energy and Climate Plan was set by the Government of Ukraine Resolution No. 924 of 19 August 2023. In addition, the High-Level Advisory Group (HLAG) was formed with the participation of the Energy Community Secretariat and the European Commission, along with G7+ governments and international financial institutions, to assist with the preparation.

- ***What were the underlying studies and analysis, how has the civil society been involved?***

The draft NECP was developed by a group of experts associated with DiXi Group think tank with the support of the UK Embassy and modelling was done by the Institute of Economics and Forecasting of the National Academy of Sciences of Ukraine supported by the Net Zero World Initiative. The process strictly followed requirements of the Regulation (EU) 2018/1999 on the governance of the Energy Union and climate action, the Commission's Guidance to Member States for the update of the 2021-2030 NECPS (C/2022/9264 final) and Policy Guidelines by the Energy Community Secretariat.

The draft NECP has gone through a wide public consultations process with national stakeholders, local authorities and governments of neighbouring countries (regional consultations). Civil society organizations, business associations and other stakeholders were engaged in various ways - by 9 public discussions, working level meetings, as well as by feedback on the publication of the draft NECP by the Ministry of Economy.

- ***Were the recommendations of the Energy Community Secretariat taken into account in the final NECP (excluding Türkiye)?***

Draft NECP parameters were synchronized with 2030 energy and climate targets as adopted by the Decision 2022/02/MC-EnC of the Energy Community Ministerial Council, key strategic documents (particularly the 2050 Energy Strategy and the draft Ukraine Plan under Ukraine Facility). The main modelling parameters and assumptions based on the improved TIMES-Ukraine model were discussed and agreed with relevant public authorities and such stakeholders as donors, experts and international organizations.

Initial discussions of the preliminary draft NECP were held with the Energy Community Secretariat and the European Commission (DG NEAR, DG ENER, DG CLIMA) and duly processed. The draft NECP was also presented and discussed within the High-Level Advisory Group. The strategic environmental assessment was also initiated.

- ***Where does the country stand with the adoption?***

Formal submission of the draft NECP to the Energy Community Secretariat is planned for later in April 2024 in order to finalize the document for adoption by the Government of Ukraine in June 2024.

- ***What is the definition and percentage of energy poverty among household consumers in Ukraine? Is there a strategy to minimise this percentage?***

Definition

The 2050 Energy Strategy of Ukraine (ESU2050) defines energy poverty as a situation where the costs of energy consumed by a household consumer constitute a significant portion of its income, leading to the inability to pay the costs of consumed energy and/or reduce its consumption, which in turn negatively affects the quality of life. At the legislative level, framework laws on natural gas and electricity operate with the concept of vulnerable consumers and include general protection principles for such consumers. Further regulations have to be adopted to better define vulnerable consumers and facilitate relevant assessment (see below).

As of 2021 (latest available data of the State Statistics Service), the share of households lacking funds to maintain a sufficiently warm temperature in their housing during the heating season:

- Ukraine overall - 17.2%;
- Rural areas - 26.4%;
- Urban areas - 12.6%.

Share of households lacking funds for timely and complete payment of housing bills and necessary services for maintenance or payment for gas for cooking:

- Ukraine overall - 15.4%;
- Rural areas - 18.3%;
- Urban areas - 13.9%.

According to the 2030 National Economic Strategy, a significant share of household budgets is allocated to utility services. Such expenditures in 2019 accounted for over 13% of the total household expenditure, which is a significant part of the household budget.

Strategy

Reducing energy poverty, protecting vulnerable consumers, gender and social inclusion are strategic goals of the ESU2050. It is expected that the transformation of the energy sector will significantly reduce the level of energy poverty in Ukraine and achieve the average European indicator of 7.9%.

In the context of combating energy poverty, ESU2050 defines the necessity to:

- legally define energy poverty, including the quantitative and qualitative indicators that justify categorizing individuals as energy poor;
- assess the level of energy poverty (the number of consumers falling under the category of energy poor);
- determine the desired level of reduction, taking into account the priority of overcoming energy poverty in specific groups of population or territories.

The 2024-2026 operational action plan for the implementation of the 2050 Long-Term Strategy for the Thermal Modernization of Buildings includes the following measures in terms of overcoming energy poverty in 2024:

- development of conceptual principles of state policy to overcome energy poverty, the definition of the term 'energy poverty';

- definition of criteria for energy poverty, vulnerable categories of citizens, individuals who are below the energy poverty line;

- determination of the number of individuals below the energy poverty line according to established categories;

- establishment of medium-term and long-term goals for reducing the number of people living in energy poverty, including reducing the need for subsidies for housing and utilities;

- approval of a comprehensive action plan to overcome energy poverty, including increasing the energy efficiency of buildings considering the housing subsidy system.

ESU2050 defines the following possible measures:

- increasing households' awareness of their energy consumption and providing financial support, namely by installing energy consumption monitoring and providing detailed reports with individual recommendations;

- studying the feasibility of introducing subsidies for small-scale energy renovations for vulnerable households based on the principle of "first in line for repairs". In addition to financial support, personalized consultations may be conducted;

- feasibility study for providing financial support for installing photovoltaic systems to supply households with electricity.

● *How does Ukraine ensure the protection of energy poor and vulnerable household customers in electricity/gas?*

Ukraine applies several policies to protect vulnerable household consumers regarding electricity/gas.

- **Targeted monetized subsidies for partial compensation of energy service costs (housing subsidies program).** Key consumer protection policies include non-cash monetization of subsidies for vulnerable household consumers and regulated electricity prices for households, as determined by the Cabinet of Ministers. Ukraine has transitioned from indirect subsidies to non-cash monetized subsidies for households to compensate for the cost of consumed electricity, gas, district heating, and other utility services. The Cabinet of Ministers has established criteria, conditions, and rules for providing subsidies to households for payment of energy and other utility services bills. Bills for energy and other communal services

that exceed a particular threshold (share of households' average monthly income) are covered by housing subsidies.

- **Regulated retail prices for households.** In addition to providing direct support for vulnerable household consumers through subsidies, Ukraine maintains affordable regulated electricity and gas prices for households within the public service obligation (PSO) mechanisms or legislatively set moratoria for the period of martial law capping the prices at certain levels. This policy is temporary, meaning there is a planned gradual alignment of electricity prices for households with market-based prices while simultaneously applying direct monetized subsidies to vulnerable consumers to provide partial compensation for the total end-user costs of energy. At the same time, time-differentiated electricity prices for households with relevant metering systems are in place.

Under the Plan for the implementation of reforms within the framework of the Regulation (EU) 2024/792 establishing the Ukraine Facility (Ukraine Plan), the Cabinet of Ministers of Ukraine will adopt a Roadmap for the gradual liberalization of the gas and electricity markets with steps to be taken that should be implemented after the end of the martial law. The reform will be implemented by the Ministry of Energy and the Regulator (NEURC) and start before 2Q 2026.

- **Institutional support for the protection of vulnerable consumers.** According to the Law of Ukraine "On the Natural Gas Market" (Article 16), vulnerable consumers are defined as residential consumers entitled to state support by the procedure established by the Cabinet of Ministers, which, in particular, establishes criteria for classifying consumers as vulnerable. Vulnerable consumers have the right to a subsidy to compensate for the costs of consumed natural gas and other targeted support provided by the procedure established by the Cabinet of Ministers, as well as special measures to protect vulnerable consumers regarding disconnection during critical periods to meet the needs of such consumers for natural gas. As of March 2024, the Cabinet of Ministers has yet to adopt such a procedure.

The Law of Ukraine "On the Electricity Market" (Article 61), provides general protection principles for vulnerable consumers. At the same time, electricity to vulnerable consumers is supplied by universal service suppliers. In addition, the Procedure for applying special additional protection measures for categories of vulnerable electricity consumers is in the process of development.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

REMIT Regulation

Amendments to the Electricity Market Law to implement Regulation (EU) 1227/2011 on wholesale energy market integrity and transparency (REMIT Regulation) have been adopted by the Verkhovna Rada of Ukraine. The

development of relevant secondary legislation is being developed according to the NEURC schedule and is expected to be mostly finalised by the end of the year. The first package of the secondary legislation is adopted by NEURC:

- The procedure for investigating abuses in the wholesale energy market;
- The procedure for the functioning of insider information platforms;
- The procedure (methodology) for determining the amount of penalties;
- The procedure for registering wholesale energy market participants;
- The procedure for acquiring, suspending, and terminating the status of a data transfer administrator;
- The procedure for the Operation of the Insider Information Platform;
- Requirements to ensure integrity and transparency in the wholesale energy market;
- Procedure for submitting information on completed business and trade operations related to wholesale energy products

The secondary legislation process is underway according to the NEURC's approved action plan and schedule.

Corporate governance

On September 3, 2023, the Law of Ukraine No. 3293-IX titled "Optimization of the Ownership Structure of the Operator of the Gas Transportation System of Ukraine" came into effect, establishing the legal framework for initiating the corporate governance reform of Ukraine's gas Transmission System Operator (GTSOU) in line with OECD Guidelines on Corporate Governance of State-Owned Enterprises and enabling GTSOU to maintain its certification status. This Law abolished the two-tiered corporate governance structure of GTSOU, replacing it with direct ownership by the Ministry of Energy instead of being a subsidiary of the state-owned holding company Main Gas Pipelines of Ukraine. The Ministry of Energy's decision on September 22, 2023, facilitated this ownership transition. The new version of the Charter has been approved after consultations with the NEURC and the Secretariat of the Energy Community. Furthermore, GTSOU's Supervisory Board was established and three independent members of SB were appointed.

Roadmap for further market integration following the synchronisation of Ukraine's (and Moldova's) electricity networks with the Continental European Network

In 2022, the Roadmap for further market integration was approved by the European Commission. The document aims to ensure the proper functioning and advancement of electricity trading. In 2023, the Ministry of Energy with the European Commission held two meetings of the High-Level Working Group

Ukraine-EU on energy sector reform to discuss the implementation of the Roadmap measures.

During the last meeting on November 23, 2023, it was acknowledged that Ukraine achieved progress in implementing this document. In December 2023, some of the measures and deadlines outlined in the Roadmap were modified and agreed upon with the European Commission. Work on the implementation of the Roadmap has been underway.

Information on anti-corruption mainstreaming

Chapter 15 - Energy: consider corruption risks with pricing, energy production costs, energy trading, rules and regulations for electricity import market, concessions, investments schemes, energy development and diversification, bribery, electricity theft, granting of concessions, scrutiny of privatisation of state owned firms and tendering for new projects.

Information on anti-corruption mainstreaming

Ministry of Energy

The Ministry of Energy of Ukraine continues its work on evaluating corruption risks within the Ministry's activities, initiated by the Order of the Ministry of Energy No. 154 of 21 July 2021 "On conducting an assessment of corruption risks in the activities of the Ministry of Energy.

According to the Order of the Ministry of Energy No. 143 of 5 April 2024 "On certain issues regarding ensuring the assessment of corruption risks in the activities of the Ministry of Energy of Ukraine," the Commission for the assessment of corruption risks and monitoring the implementation of the anti-corruption program of the Ministry of Energy of Ukraine has been reformed into a Working Group for assessing corruption risks in the activities of the Ministry of Energy of Ukraine.

Additionally, the composition of the Working Group for assessing corruption risks in the activities of the Ministry of Energy of Ukraine has been formed, and its Regulations have been approved. The Working Group is required to conduct an assessment of corruption risks in the Ministry's activities by July 1, 2024.

On April 12, 2024, during a meeting of the Working Group, a training session was conducted for its members, a series of organizational issues of its activities were resolved, and the Plan for assessing corruption risks and preparing the anti-corruption program of the Ministry of Energy of Ukraine was approved.

SNRIU

According to Article 19 of the Law of Ukraine "On Prevention of Corruption," every three years, the State Nuclear Regulatory Inspectorate (SNRIU) develops and approves an Anti-Corruption Program, which is published on the official website.

Naftogaz

Naftogaz enforces a strict zero-tolerance policy against corruption, committing to take all necessary measures as mandated by law. The Anti-Corruption Program, endorsed by the Executive Board resolution dated 02.06.2023, is based on the Typical Anti-Corruption Program of Legal Entities approved by NACP and fully aligns with the Law of Ukraine "On Prevention of Corruption".

To bolster corruption risk management, the Corruption Risk Management Guidelines have been developed as an annex to the Anti-Corruption Program. These guidelines outline procedures for periodic risk assessment as well as determining appropriate corrective measures.

Additionally, the Compliance Program, adopted by the Executive Board resolution dated 20.03.2024-21.03.2024, ensures legal compliance and sets forth protocols for investigating corruption and other compliance-related infractions.

The independently operated Naftogaz Group whistleblowing hotline, reinstated since 13 October 2023, provides a secure avenue for reporting corruption or policy violations confidentially and/or anonymously. Three corruption reporting channels operated by Naftogaz are also available. Detailed information regarding the Hotline as well as the reporting channels is prominently featured on the official website of the Naftogaz Group, ensuring permanent public access.

Ukrenergo

NPC Ukrenergo has built an internal control system, including the set-up of an internal audit unit and a compliance office, and approved a number of policies and standards based on the OECD Corporate Governance Principles, in particular:

1) The Compliance Office of NPC Ukrenergo started working on the appointment of the Chief Compliance Officer (CCO) on 23.10.2018 based on the results of an open competition organized by Odgers Berndtson, a company that searches for executive staff, with the involvement of independent observers and the EBRD (financial support);

2) Compliance policy developed with the assistance of KMPG and approved by the Management Board;

3) external independent hotline for employees and external stakeholders to inform about possible corruption or other misconduct confidentially or completely anonymously;

4) Adopted and implemented a methodology for assessing compliance risks;

5) NPC Ukrenergo became the first state-owned company to fully implement the Memorandum with the Ukrainian Network of Integrity and Compliance (UNIC), a collective action initiative for companies that want to work transparently, and was accepted as a member of UNIC;

6) Four e-learning courses on integrity and compliance. Each course covered more than 5 thousand employees of the company;

7) Approved the Code of Ethics and the Code of Conduct for Suppliers;

The Compliance Ambassadors project was launched. Up to 50 volunteers were selected among the employees to be local coordinators of the Compliance Office;

8) Annual information events among employees, such as the Ethics Week at NPC Ukrenergo, the International Anti-Corruption Day, and the Global Ethics Day at Ukrenergo, etc.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

Ukraine has a good level of preparation in the area of energy. Ukraine achieved some progress during the reporting period, despite the fact that the energy sector operated under emergency conditions due to Russian attacks on Ukraine's energy infrastructure. Legislative alignment continued including on wholesale energy market integrity and transparency, renewables, gas transmission system operator and gas storage certification. However, measures taken under martial law led to a decrease in transparency and independence of stakeholders in the energy sector. In the coming period, Ukraine should in particular:

→ advance green energy transition and green reconstruction: adopt an ambitious national energy and climate plan (NECP) in line with the 2030 Energy Community energy and climate targets

A draft resolution of the Cabinet of Ministers of Ukraine "On Approval of the National Energy and Climate Plan for the Period up to 2030" has been developed and is being prepared for submission for approval to relevant central executive bodies. On February 14, 2024, the National Energy and Climate Plan for the Period up to 2030 was published on the website of the Ministry of Economy for public discussion.

Draft NECP parameters were synchronized with 2030 energy and climate targets as adopted by the Decision 2022/02/MC-EnC of the Energy Community Ministerial Council, key strategic documents (particularly the 2050 Energy Strategy and the draft Ukraine Plan under Ukraine Facility). The main modeling parameters and assumptions based on the improved TIMES-Ukraine model were discussed and agreed with relevant public authorities and such stakeholders as donors, experts, and international organizations.

Initial discussions of the preliminary draft NECP were held with the Energy Community Secretariat and the European Commission (DG NEAR, DG ENER, DG CLIMA) and duly processed. The draft NECP was also presented and discussed within the High-Level Advisory Group. The strategic environmental assessment was

also initiated.

→ adopt and implement the electricity integration package

The Ministry of Energy of Ukraine has set up a working group with the participation of electricity market stakeholders to discuss the relevant draft law, which the Ministry of Energy plans to submit in 2024.

→ continue improving energy efficiency including in the residential sector through regulatory measures and via the Energy Efficiency Fund

Following the meetings with the EU Delegation in Ukraine and the Energy Efficiency Fund, the procedure for conducting a competition to select independent members of the Supervisory Board of "The Energy Efficiency Fund" has been agreed upon, along with organizational and financial support from donors for the independent competition.

In 2023, by orders of the Ministry of Infrastructure, a Commission for the competitive selection of independent members of the Supervisory Board of the "Energy Efficiency Fund" was established, and the competitive selection process was ensured. On January 30, 2023, the final stage of the competition took place (comprising 5 stages in total), resulting in the selection of candidates for two positions as members of the Supervisory Board (Berndt Rolf (Germany) - 40.83 points; Matoniene Daiva (Lithuania) - 34.92 points), and for two other positions (Sabatuk Yulia - 34.67 points, Raykevich Andzhey - 33.83 points).

On February 2, 2024, the Ministry of Infrastructure's website posted an announcement regarding the results of the competition to determine two independent members of the Supervisory Board of the "Energy Efficiency Fund".

→ implement policy measures to encourage investments in renewable energy production

Approved:

Resolution of the Cabinet of Ministers of Ukraine "On the Introduction of Guarantees of Origin of Electricity Produced from Renewable Energy Sources".

Resolution of the Cabinet of Ministers of Ukraine "On Amendments to the Resolutions of the Cabinet of Ministers of Ukraine No. 420 of 23 May 2018 and No. 1175 of 27 December 2019 "On Improving the Auction Model for Supporting Electricity Producers from Renewable Sources".

At the stage of elaboration:

Draft Order of the Cabinet of Ministers of Ukraine "On Approval of the Concept of the State Target Economic Program for Stimulating the Development of Distributed Electricity Generation from Renewable Energy Sources for the Period up to 2030" (the Draft Order was considered at the Government meeting on 27.02.2024 and returned for revision).

Draft Order of the Ministry of Energy "On Amendments to the Model Agreement on Conducting Electronic Auctions for the Allocation of Support Quota between the Auction Customer and the Electronic Platform Operator" (agreed with the concerned central executive authorities and is currently being prepared for submission for state registration to the Ministry of Justice).

Draft Resolution No. 823 of 22 July 2022 "On Amendments to the Resolution of the Cabinet of Ministers of Ukraine "On Approval of the Procedure for the Functioning of the Biomethane Register".

Legal support of the following draft laws in the Verkhovna Rada of Ukraine is ongoing:

The draft law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine on the Development of Electronic Trade in Alternative Fuels" (registration number 8052).

The draft law of Ukraine "On Amendments to the Code of Ukraine on Administrative Offenses regarding liability for offences in the field of electronic trade in alternative fuels" (registration No. 8053).

The draft law of Ukraine "On Amendments to the Tax Code of Ukraine on Establishing a Rate of Zero UAH of Environmental Tax for Carbon Dioxide Emissions for Installations that Produce Such Emissions as a Result of Biofuel Combustion" (registration No. 9596).

The draft law of Ukraine "On Amendments to the Law of Ukraine "On Alternative Fuels" regarding the creation of a register of installations using biofuels as the only type of fuel" (registration No. 9597).

→ launch reform of the district heating sector, and introduce mandatory energy efficiency criteria for public procurement

The Cabinet of Ministers of Ukraine has approved an action plan to implement the recommendations of the European Commission presented in the Report on Ukraine's Progress under the EU's 2023 Enlargement Package by its Order No. 133 of 9 February 2024. According to clause 106 of the Plan, it is necessary to develop and submit to the Cabinet of Ministers of Ukraine a draft law on amendments to the Law of Ukraine "On Heat Supply" to stimulate the production of heat energy generated from alternative fuels by June 2024.

→ take steps to achieve cost-reflective energy pricing, in particular by gradually phasing out public service obligations and replacing them with targeted support for vulnerable energy consumers

The Cabinet of Ministers of Ukraine has approved an action plan to implement the recommendations of the European Commission presented in the Report on Ukraine's Progress under the EU's 2023 Enlargement Package by its Order No. 133 (February 09, 2024). According to clause 107 of the Plan, the deadline for completing the task is "within one year after the termination or cancellation of martial law".

→ improve the independent and effective functioning of the energy regulator, resulting in a track record of fair and transparent decision-making to enable the energy markets to function properly

On December 27, 2023, the NEURC at its meeting approved the draft law of Ukraine "On Amendments to Certain Laws of Ukraine on Strengthening the Independence of the Regulator in the Energy and Utilities Sectors", thus starting to implement measures to strengthen its independence. The draft law provides for the implementation of the Energy Community's regulatory framework by clarifying the provisions of the Law on the NEURC regarding the Regulator's control and accountability, not extending the status of civil servants to the NEURC employees, improving the procedure and timing of control measures by the Regulator, amending the Laws of Ukraine "On the Cabinet of Ministers of Ukraine" and "On Central Executive Bodies" to clarify the special status of the NEURC as a central executive body. The NEURC has sent the said draft law to the relevant stakeholders for approval.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

**CLUSTER 4: the Green Agenda
and Sustainable Connectivity**

**CHAPTER 21 – Trans-European
Networks**

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Answers to the Guiding Questions

• *Is the national legal framework aligned with TEN-T Regulation 1315/2013/EU? What are the plans for harmonising legal and institutional framework with the EU acquis, including timeframe? Is the country benefiting from Connecting Europe Transport Facility? 2. What is the country's strategic framework for the development of TEN-T? Is there a Transport Strategy and action plan? Is your Transport Strategy in line with the development of TEN-T?*

The National transport strategy of Ukraine for the period up to 2030, approved by Order No. 430 of the Cabinet of Ministers of Ukraine dated May 30, 2018, and the Action Plan for the implementation of the National Transport Strategy of Ukraine for the period up to 2030, approved by the Order of the Cabinet of Ministers of Ukraine No. 321 dated April 7, 2021, provides for the implementation of ITS. The Ministry for Communities, Territories and Infrastructure Development of Ukraine, together with interested state authorities and subordinate organizations, has collected the necessary data and is currently working on the finalization of the draft text of the updated National Transport Strategy of Ukraine for the period until 2030, the draft Action Plan for the implementation of the updated Strategy for 2023-2027, and the draft Plan for Monitoring the Achievement of Goals of the updated Strategy.

On June 21, 2023, the European Union approved 6 joint projects with EU member states on the development of checkpoints aimed at improving transport connections between the EU and Ukraine, developing the Trans-European transport network and improving exports from Ukraine to the European Union as a whole.

• *How would the country strategies deal with the notion of “urban nodes” in the context of cities connecting to corridors for enhanced connectivity and the replication of requirements with regard to preparation & implementation of sustainable urban mobility plans (SUMP), national SUMP support programmes, sustainable urban mobility data collection, etc?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *List priority projects for development of the core and comprehensive Regional Transport Network of the South East Europe on all transport modes. Indicate routes/corridors of the priority projects. Specify the allocation of financial means. How do you plan to finance the priority projects? Develop the maturity of priority projects? Specify the expected completion date for all priority projects in all transport modes.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Provide an overview of the compliance with key TEN-T indicators per mode of transport. What are the country's plans to comply with the TEN-T standards, notably on TEN-T core rail? How do the authorities tackle the question of regular maintenance of the TEN-T road and rail infrastructure and what is the budget/sources allocated?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *What is the country's strategic framework for the development of energy infrastructure? Legal framework and its alignment with TEN-E?*

Regulation 2022/869 (new TEN-E) was included in the Energy Community acquis communautaire in December 2023. This Regulation repealed the previous one - Regulation No. 347/2013 (hereinafter the obsolete TEN-E), the implementation of which was mandated by Cabinet of Ministers Order No. 733-r "On Approval of the Action Plan for Fulfilling Obligations under the Treaty establishing the Energy Community."

According to the decision of the Energy Community, EU Regulation No. 2022/869 must be transposed by December 31, 2024.

• *Current status and on the major needs for energy infrastructures, list of priority projects and financial means?*

Electricity sector

Currently, two projects for the construction of interconnectors between Ukraine and Slovakia and Ukraine and Romania are being implemented. In total, both projects require funding of about EUR 250 million. This year, Ukrenergo will begin construction of part of the Ukraine-Romania interconnector. The company is implementing this project using its own resources. The company is currently seeking financing for other parts of the interconnector, as well as financing for the Ukraine-Slovakia interconnector. It is necessary to include these projects in the ENTSO-E Ten-Year Network Development Plan ahead of schedule (planned changes are expected no earlier than in Q4 2025). This will make it possible to grant these projects a PECCI status and attract appropriate funding from the EU.

Gas sector

CEHC project

Since 2021, the operators of gas transportation systems of Ukraine (GTSOU), Slovakia (EUSTREAM), the Czech Republic (NET4GAS) and Germany (Open Grid Europe GmbH) have been jointly working on the creation of the Central European Hydrogen Corridor (CEHC) - a pipeline hydrogen connection in Central Europe for the transportation of hydrogen from promising production areas in Ukraine through Slovakia and the Czech Republic to areas of increased demand in the EU, particularly industrial regions of Germany.

The pipeline's design capacity after its launch (scheduled for 2030) is 144 GWh of hydrogen per day, or 1.5 million tons (approximately 18 bcm) per year. The key advantage of the project is the modernization of existing pipelines, cross-border stations and individual compressor units, as this approach provides lower costs compared to the costs of building a new hydrogen infrastructure.

Currently, the CEHC project is at the stage of the preliminary feasibility study development (Pre-Feasibility Study, estimated completion time is II quarter 2024). On November 28, 2023, the European Commission adopted the first list of projects of common interest (PCI) and projects of mutual interest (PMI) that fully meet the objectives of the European Green Deal, which includes the CEHC project. The project received the Generic status, which provides for the possibility of submitting an application to the CEF fund for the implementation of a feasibility study. The project is also included in the European Hydrogen Backbone plans and ENTSOG reviews.

Other

From 1 January 2022, GTSOU and the Hungarian operator FGSZ agreed on the creation of firm capacities at the VIP Bereg towards Ukraine (8 mcm/day) with a test period that is extended until the end of September 2024.

On 3 February 2022, GTSOU and Slovak operator Eustream a.s. agreed to increase the firm capacities at the IP Budince in the Slovakia-Ukraine direction by an additional 15 mcm/day, resulting in the total amount of firm capacities from Slovakia to Ukraine of 42 mcm/day. This increased firm capacity was available till the end of March 2024. Starting from April 1, 2024 Slovak operator Eustream a.s. is offering 27 mcm/day of firm capacity and 15 mcm/day of interruptible capacity, which can be used for physical import of gas from Slovakia to Ukraine.

Bar compressor station

In 2022, GTSOU conducted organizational preparations to start the final stage of reconstruction and commissioning of the Bar compressor station (hereinafter – CS Bar). In March 2023, GTSOU as a customer and DG Industries GmbH as a contractor signed the agreement for works on completion of reconstruction and commissioning of the CS Bar of the gas pipeline "Soyuz". These works are financed through the Ukraine Energy Support Fund, created at the Energy Community Secretariat in cooperation with the Ministry of Energy of Ukraine, by a dedicated grant of EUR 2 million by the Foreign Office of Germany. The payment schedule has been already agreed, and the Energy Community Secretariat as a Fiduciary for

the Grants has made the first payment to the contractor. DG Industries GmbH has started to perform works which are necessary for the completion of the CS Bar reconstruction and putting it into operation.

Oil Sector

Under the Ukraine and EU policy on diversification of sources and routes of crude oil supply, taking into account significant infrastructure limitations related to Russian military aggression against Ukraine (actual blockade of Ukrainian ports in the Black Sea), there is an urgent need to implement oil pipeline projects aimed at overcoming these infrastructure limitations. The list of such projects includes the Brody-Adamowo oil pipeline project interconnecting the Ukrainian and Polish oil transportation systems, and the project of transportation of various grades of oil via the Southern Druzhba pipeline to refineries in Hungary, Slovakia and the Czech Republic. The estimated cost of the Brody-Adamowo project as per 2022 prices is up to EUR 450 million. The Southern Druzhba project does not require significant investments in the Ukrainian section of the route.

● *What are the major gaps/concerns/bottlenecks in terms of infrastructures to fulfil with the obligations of security of supply in the internal market? How you are planning to address identified/gaps/concerns/obstacles?*

Electricity sector

The biggest threat causing bottlenecks in Ukraine's truck infrastructure is Russia's combined massive attacks on Ukrenergo's facilities and generating capacity. Currently, depending on the density of attacks and hits, bottlenecks arise in networks in the east and south of the country. Ukrenergo is focused on the rapid restoration of the grid after damage in these regions and the construction of physical passive protection of high-voltage equipment. For the prompt elimination of gaps/concerns/bottlenecks, it is necessary to attract additional funding for the uninterrupted replenishment of high-voltage equipment and increase the density of air defence around energy facilities.

Gas sector

The bottleneck in the Poland-Ukraine interconnector project is the absence of obligations from network users regarding the allocated capacity, as indicated by the results of the auctions. This lack of commitment led to a negative outcome in the single economic test.

Oil Sector

The main limitation and bottleneck for the oil transportation infrastructure is the lack of alternative routes for importing crude oil to Ukraine which significantly affects the security of energy supplies. This inter alia includes the actual blockade of Ukrainian ports in the Black Sea. There are also technical limitations of the pipeline infrastructure between Ukraine and Hungary restricting the ability to increase supplies of diesel fuel to the Ukrainian market. It should be noted that under

ongoing Russian attacks on Ukraine's energy sector facilities the pipeline energy infrastructure proves its reliability due to its below the ground location. These limitations and bottlenecks can be overcome by the implementation of the above-mentioned projects (Brody-Adamowo and Southern Druzhba), as well as the modernization of the oil product pipeline between Ukraine and Hungary.

● *Indicate what is the status of implementation and planning of the axes for priority projects relevant to the South East Europe region in your country? In particular, indicate what is the level of development of the energy projects which are considered priority under the Energy Community process?*

Electricity sector

This year, Ukrenergo is starting the construction of an interconnector between Ukraine and Romania. However, no project for the construction of interconnectors currently has a priority status under the Energy Community process. To be able to obtain such a status, it is necessary to include these projects in the ENTSO-E Ten-Year Network Development Plan this year. Ukrenergo is in dialogue with ENTSO-E at the working level. The project needs facilitation by the EU.

Gas sector

The CEHC project is still in the preliminary feasibility study development stage, with an estimated completion time in the second quarter of 2024. It has received recognition from the European Commission as a project of common interest (PCI) and has been included in the European Hydrogen Backbone plans and ENTSO-G reviews. However, the project has not yet advanced to the implementation stage, as its launch is scheduled for 2030.

Oil sector

Within the Brody-Adamowo project a vast amount of preparatory works have been done (feasibility study, routing of the pipeline and its inclusion in local land use plans, etc.) and the project is ready for practical implementation. Upon the receipt of funding and governmental support the project can be implemented within 2-3 years. The Southern Druzhba project is of high readiness for implementation, i.e. the final stage of negotiations between Ukrainian and Slovak parties on finalizing the technical aspects of transportation of various grades of oil. It should be noted that up to December 2023, both projects enjoyed within the Energy Community the status of PEI and PMI respectively.

● *What is the actual institutional framework and administrative capacities for development of Trans-European transport networks? What are the planned actions to overcome the identified obstacles?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *What is the actual institutional framework and administrative capacities for development of Trans-European Energy networks? What are the planned actions to overcome the identified obstacles?*

Electricity sector

In accordance with the Law of Ukraine “On Electricity Market”, TSOs and DSOs develop a ten-year transmission network development plan and a five-year distribution network development plan respectively. Such development plans are approved by the Regulator before public discussions are held by the TSO and DSO. The transmission network development plan is prepared on the basis of DSO development plans, the report on the assessment of adequacy (sufficiency) of generating capacities, as well as the network development plans of adjacent transmission systems. Qualified employees of TSOs and DSOs develop such network development plans. Based on these network development plans, TSOs and DSOs develop investment programmes that are subject to approval by the Regulator.

At the same time, in order to implement the requirements of Regulation (EU) No. 347/2013 on guidelines for trans-European energy infrastructure in Ukraine, draft Law No. 9138 dated 22 March 2023 “On projects of national interest in the energy sector” was registered in the Verkhovna Rada of Ukraine. This draft law should determine the legal, economic and organisational principles of state policy to promote joint regional investments in the energy sector and promote the implementation of projects of national interest in the energy sector by categories of energy infrastructure facilities.

Oil sector

The Government of Ukraine has drafted the Law of Ukraine "On Projects of National Interest in the Energy Sector", which is currently under consideration by the Ukrainian Parliament. In view of adoption of the updated Regulation (EU) 2022/869 on the guidelines for Trans-European energy infrastructure, the above mentioned draft law needs to be updated. It should be noted that one of the main aspects of the updated Regulation is that it does not include oil and gas infrastructure projects. At the same time, the urgency of implementing and supporting cross-border energy infrastructure development projects, including the oil sector is caused by risks and threats to the security of energy supplies related to Russian military aggression against Ukraine.

● *What is the actual institutional framework and administrative capacities for the development of Trans-European Communication networks? What are the planned actions to overcome the identified obstacles?*

In 2023, The Ministry for Communities, Territories and Infrastructure Development of Ukraine and the European Commission signed an agreement that allows our country to participate in the CEF (Connecting Europe Facility) program.

The CEF program is intended to finance and stimulate investments in European infrastructure in the fields of transport, energy, and digital technologies (in particular in the field of electronic communications). Participation in the program will help bring Ukraine closer to the EU, improve infrastructure, and stimulate economic growth.

Projects within the framework of the CEF program are implemented based on co-financing, where the EU covers 50% of the total cost of the work packages, and the Ukrainian side covers the other 50%. At the same time, finding financial resources for this purpose within the framework is complicated.

It was also identified that participation within the CEF program in the digital component with non-EU countries is rather complicated and has legal obstacles.

• How do you plan to harmonise the national legal and institutional framework with the EU acquis in relation to Trans-European transport networks on Rail, Road, Inland Waterways, Water Transport, Maritime, and Air in relation with Directive (EU) 2021/1187 of the European Parliament and of the Council of 7 July 2021 on streamlining measures for advancing the realisation of the trans-European transport network (TEN-T)

a) What are the plans and actions taken to comply with Trans-European energy networks Regulation 347/2013/EU?

In March 2023, draft law No. 9138 to implement Regulation 347/2013 was submitted to the Verkhovna Rada. Due to the introduction of the new TEN-E Regulation, the Ukrainian draft law requires updating. To streamline the process, the Ministry of Energy sent a letter to the relevant Committee of the Verkhovna Rada proposing to adopt draft law No. 9138 as a basis and to establish a working group to prepare the draft law for the second reading and bring it into compliance with EU Regulation No. 2022/869.

b) What are the plans and actions taken to comply with Trans-European communication networks Directive 2009/136/EC?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

In December 2023, a high-level agreement was signed, which provided for the downgrading of the status of routes adjacent to the borders with the Russian Federation and Belarus and ensured the inclusion of new routes to the TEN-T that lead to the borders with the European Union member states, as well as to the Republic of Moldova.

The inclusion of routes in the TEN-T maps provides access to EU financial instruments for the implementation of infrastructure projects in the relevant areas, in particular, within the framework of the European Union financial instrument "Connecting Europe Facility" (CEF).

In addition, we are pleased to inform you that the case initiated by the Romanian side against Ukraine within the framework of the ESPEU Convention regarding the creation of a deep-sea waterway from the Danube River to the Black Sea in the Ukrainian part of the delta has been closed. The inclusion of the Danube TEN-T remains a priority for us. In this regard, an appeal was prepared to the European Commissioner for Transport, Adina Velyan, with a request to initiate the resumption of the dialogue regarding the inclusion of the Ukrainian part of the Danube River (the mouth of Kilia and Bystre: from Izmail Chatal to the sea approach channel) to the Trans-European Network, taking into account that the site meets the network requirements in terms of its technical parameters.

The latest update of indicative maps of the Trans-European Transport Network (TEN-T) is aimed at:

- lowering the status of routes that lead to borders with aggressor countries:

- Chernihiv - Novi Yarylovichi;

- Shostka - Bachivsk;

- Kharkiv - Hoptivka;

- Korosten - Vystupovichy;

- Shostka - Cereals;

- Kupyansk - Topoli.

- inclusion in TEN-T of new routes, including those leading to the border with the Republics of Poland and Moldova and which were prioritized for the development of railway connections in the middle of the country and with the EU using the track infrastructure of the European standard 1435 mm. New connections:

- Lviv - Rava-Ruska (to Lublin, Republic of Poland);

- Odesa - Berezino - Basarabiaska (on Chisinau and Reni, Republic of Moldova);

- Zhytomyr - Vinnytsia - Yampil (to Rishykany, Republic of Moldova)

- Chop - Uzhhorod - Sambir - Lviv;

- Krasnograd - Poltava, Krasnograd - Kharkiv, Krasnograd - Dnipro;

It is also planned to upgrade the status of the Yagodin - Kovel - Kyiv section from the Comprehensive status to the Extended Core status (the new status is provided in accordance with the draft of the updated EU Regulation on TEN-T networks).

On June 6, 2023, in the city of Lviv, as part of the meeting of the Deputy-Prime

Minister for Restoration of Ukraine - Minister for Communities, Territories and Infrastructure Development of Ukraine O.Kubrakov with the European Commissioner for Mobility and Transport A. Velyan, an Agreement was signed between Ukraine, with on the one hand, and the European Union, on the other hand, about Ukraine's participation in the EU program "Connecting Europe Facilities", which will allow attracting EU funding for the development of transport arteries and support of sustainable trans-European networks in the fields of transport, energy and digital service.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ carry out emergency repairs and plan upgrades on critical infrastructure; taking into account the need for reconstruction in areas badly affected by the war, and ensure better connections with EU Member States, in particular through more efficient TEN-T rail and road border crossing points as well as electricity interconnections

Since the beginning of the full-scale aggression, the volume of destroyed and/or damaged public highways of state importance and artificial structures on them, in the territory controlled by Ukraine (as of February 1, 2024), amounts to more than 4.2 thousand km of roads, 141 artificial structures, with a length of 15,6 thousand units. m.

For the fastest restoration of the operation of the de-occupied regions of Ukraine, after the demining of public roads of state importance, the inspection, cleaning and clearing of highways, as well as the installation of temporary crossings and the provision of passage with artificial structures, are primarily ensured.

Progress is also being made in supporting export transportation by land transport, including grain cargoes, across the western border with EU countries.

Over the past year, it was possible to open the first new Krasnoilsk and Dyakivtsi road checkpoints on the border with Romania for the first time in 25 years, increase the capacity of the Krakivec checkpoint on the border with Poland, and for the first time in 17 years, work on the Rakhiv-Valya Vysheului railway route was resumed to Romania. Thanks to the help of the European Commission within the framework of the Solidarity Lanes, Ukraine, together with neighbouring countries, hopes to implement a number of projects related to the development and improvement of checkpoints within the framework of the CEF program for 2021-2027.

At the same time, the eCherga electronic border crossing system has been launched and is successfully operating at the checkpoints.

→ further align with and implement the EU TEN-T and TEN-E related regulatory framework

No relevant developments during the reporting period.

→ develop administrative capacities and scale up project preparation in order to ensure that transport and energy infrastructure projects can be implemented in line with EU standards.

No relevant developments during the reporting period.

There is an urgent need to develop administrative capacities and scale up project preparation for rebuilding and developing transport networks. Project implementation units within government services and local government bodies should be strengthened. Investments in the transport network need to be designed and implemented in line with environmental and social standards and based on cost-benefit analysis following EU best practices. Ukraine's own domestic standards need amendments to align with the EU acquis, thus fostering interoperability with the transport network in the EU and contributing to the improvement of road safety.

No relevant developments during the reporting period.

Ukraine has yet to fully align with and implement the EU TEN-T acquis, in particular on technical standards needed to ensure the safety and interoperability of networks. Decarbonisation and digitalisation of the transport sector remain challenging tasks, especially in the current circumstances. Further alignment and improvement of the public procurement and environmental assessment standards and alignment with State aid rules is necessary.

No relevant developments during the reporting period.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

**CLUSTER 4: the Green Agenda
and Sustainable Connectivity**

**CHAPTER 27 – Environment and
Climate Change**

EUROPEAN UNION

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1. ENVIRONMENTAL ACQUIS

1.1. Horizontal legislation

This is a cross-sectoral part of the EU environmental and climate change *acquis* which needs to be fully implemented by the date of accession.

- *Is there any national strategy on environment and/or climate change?*

The Concept of the State Targeted Environmental Monitoring Program was approved by the Order of the Cabinet of Ministers of Ukraine (hereinafter - CMU) No. 610 of 7 July 2023.

Order of the CMU No. 1363 of 20 October 2021 approved the Strategy for Environmental Safety and Adaptation to Climate Change for the period up to 2030 and its operational plan.

- *What are the obstacles to the transposition and implementation, at the national and local levels?*

No relevant developments during the reporting period.

- *Have the directives on environmental assessments and strategic environmental assessments (EIA, as amended, and SEA) been transposed? How are they implemented, especially in the energy and transport sectors, by which competent authorities? How are public participation and consultations with the public ensured for both procedures? What is the state of play at the local level regarding transboundary issues? How are decisions related to the adoption of plans, programmes and projects made available to the public?*

Directive 2011/92/EU was transposed through the adoption of Law of Ukraine No. 2059-VIII of 23 May 2017 "On Environmental Impact Assessment" (some of the provisions of Directive 2014/52/EU are also included in Law) and Directive 2001/42/EU was transposed through the adoption of Law of Ukraine No. 2354-VIII of 20 March 2018 "On Strategic Environmental Assessment".

The full implementation of Directive 2011/92/EU was ensured with the adoption of the Law of Ukraine No. 3227-IX of 13 July 2023 "On Amendments to Certain Laws of Ukraine on Improving and Digitalizing the Environmental Impact Assessment Procedure", which entered into force on 29 December 2023 and, in particular, introduced consultations on the environmental impact assessment report with other executive authorities and local self-government bodies in accordance with their powers on environmental issues. This Law also introduces online public hearings as a form of public discussion for the period of martial law.

On 15 July 2023, the Agreement between the Cabinet of Ministers of Ukraine and the Government of Romania on the Implementation of the Convention on Environmental Impact Assessment in a Transboundary Context entered into force, which indicates the establishment of bilateral cooperation on the provisions of the Espoo Convention. As part of this procedure, on 1 September 2023, expert consultations were held between Romania and Ukraine, as a result of which the parties agreed to provide additional information on the planned activities, which will provide answers to questions raised during the public discussion of the Environmental Impact Assessment Report by the Romanian side.

The Minutes of expert consultations between Romania and Ukraine as a part of transboundary EIA procedure in respect of prospect activities of the State Enterprise "Ukrainian Sea Ports Authority" represented by the branch "Delta- Pilot" of the SE "USPA" "Reconstruction of construction projects "Arrangement of a deep-water navigation fairway Danube river - Black Sea in the Ukrainian part of the delta" was signed on 1 September 2023.

On 17 November 2023, a meeting of the Interagency Coordination Council for the Implementation of the Espoo Convention was held, at which a decision was made to take into account the results of the transboundary environmental impact assessment of the project "Reconstruction of construction projects "Arrangement of a deep-water navigation fairway Danube river - Black Sea in the Ukrainian part of the delta" in full.

On 21 November 2023, the Romanian party was sent via Focal Point electronic communications the decision of the Interagency Coordination Council for the Implementation of the Espoo Convention on the consideration of the results of the transboundary environmental impact assessment of the project "Reconstruction of construction projects "Arrangement of a deep-water navigation fairway Danube river - Black Sea in the Ukrainian part of the delta" (Protocol No. 2 of 17 November 2023) and the Environmental Impact Assessment Conclusion No. 21/01-2020645896/1 of 20 November 2023).

By the Decision of the Implementation Committee under the Convention on Environmental Impact Assessment in a Transboundary Context (Espoo Convention) of 27 February 2024, ECE/MP.EIA/IC/2024/2, adopted as a result of the decisions taken by the 9th Session of the Meeting of the Parties to the Espoo Convention / 5th Session of the Meeting of the Parties to the SEA Protocol (12-15 December 2023). Geneva, Switzerland), the case opened in 2004 on the non-compliance of the Government of Ukraine with the requirements of the Espoo Convention during the implementation of the Danube-Black Sea NSR project (Case EIA/IC/S/1 "Deep Water Navigation Canal Danube-Black Sea in the Ukrainian Sector of the Danube Delta (Bystroh Canal Project)") was closed.

The transboundary environmental impact assessment procedures were completed in accordance with the requirements of the Espoo Convention for the construction project of power units 3 and 4 at Khmelnytsky NPP (EIA/IC/INFO/10).

Based on the results of the EIA procedure, the Ministry of Environmental

Protection and Natural Resources of Ukraine (hereinafter - MEPNR), as the authorized central body, conducted 315 EIA procedures from 1 January 2023 to 31 December 2023.

From 1 January 2024 to 31 March 2024, the MEPNR, as an authorized central body, conducted 51 EIA procedures.

Access to the Unified Register of Environmental Impact Assessment has also been restored to the pre-war level. The openness of the EIA procedure during martial law was ensured and public access to information within the EIA procedure was simplified.

On 19 May 2023, the Unified Register of SEAs was introduced, and all information generated during the SEA procedure is now publicly available. The Register is a functional module of the Unified Environmental Platform "EcoSystem" intended for official publication of documentation on strategic environmental assessment, informing strategic environmental assessment subjects and other stakeholders about the progress and results of strategic environmental assessment.

From 1 January 2023 to 31 December 2023 - 895 draft state planning documents were processed and commented on the results of the SEA. Since 1 January 2024 - 387 draft state planning documents have been processed and commented on the results of the SEA.

Order of the MEPNR No. 705 of 18 October 2023 approved the Methodological Recommendations for Strategic Environmental Assessment of Urban Planning Documentation.

Also, during the reporting period, the following were adopted:

Resolution of the CMU No. 937 of 1 September 2023 "On Amendments to Certain Resolutions of the Cabinet of Ministers of Ukraine on Ensuring the Functioning of the Unified Ecological Platform "EcoSystem", which ensures technical compatibility of the Unified Register of Environmental Impact Assessment and the Unified Ecological Platform "EcoSystem";

Resolution of the CMU No. 967 of 9 September 2023 "On Amendments to the Resolutions of the Cabinet of Ministers of Ukraine No. 989 of 13 December 2017 and No. 1026 of 13 December 2017", which provides legal grounds for holding public hearings within the framework of the environmental impact assessment procedure via video conference in view of the martial law regime in Ukraine and the lifting of restrictive anti-epidemic measures to prevent the spread of the acute respiratory disease COVID-19 caused by the SARS-CoV-2 coronavirus in Ukraine;

Resolution of the CMU No. 190 of 3 March 2023 "On Amendments to the Procedure for Transferring Documentation for Providing an Environmental Impact Assessment Conclusion and Financing an Environmental Impact Assessment" (the possibility of concluding agreements on the provision of services for public discussion in the process of EIA through a public offer in an online format, simplification and reduction of the EIA procedure);

Order of the MEPNR "On the Approval of the Procedure for Consultations with Executive Authorities and Local Self-Government Bodies on Environmental Impact Assessment and Consideration of the Results of Such Consultations in Decision-Making on the Possibility of Planned Activities" No. 142 of 6 February 2024, registered with the Ministry of Justice of Ukraine on 14 February 2024 under No. 224/41569 (consultations with interested central and local executive authorities and local self-government bodies within the framework of the EIA procedure in accordance with the requirements of the Directive were introduced);

Order of the MEPNR No. 291 of 15 March 2024 approved the Methodological Recommendations for Post-Project Monitoring.

• *How is access to public information as well as public participation in decision-making (acquis linked to the Aarhus convention) ensured? Are there any Aarhus centres? Do they function properly? Is there any national PRTR (Pollutant Release and Transfer Register)?*

Public participation in decision-making is carried out by the Procedure for Conducting Consultations with the Public on the Formation and Implementation of State Policy, approved by the Resolution of the CMU No. 996 of 3 November 2010 "On Ensuring Public Participation in the Formation and Implementation of State Policy". The official website of the MEPNR, the open data portal and the Unified Environmental Platform "EcoSystem" provide access to public information.

On 8 October 2023 the Law of Ukraine "On the National Register of Pollutant Emissions and Transfers" came into force. Article 12 of the Law defines the rights of the public in the field of registration of emissions and transfers of pollutants and waste. It also defines that the report of the authorized body shall contain information on public participation in the formation of state policy in the field of registration of emissions and transfers of pollutants and waste, as well as the results of such participation in the relevant reporting year.

The National Register of Pollutant Emissions and Transfers is a functional module of the Unified Environmental Platform "EcoSystem" and started its operation from the date of entry into force of the Law.

Resolution of the CMU No. 560 of 2 June 2023 "On Approval of the Procedure for Maintaining the National Register of Pollutant Emissions and Transfers" (hereinafter - the Procedure) entered into force on 8 October 2023, except for paragraphs 37 - 41 (regarding pollutant emissions from diffuse sources to water or land) of the Procedure, which shall enter into force on 8 October 2024.

The purpose of the Resolution is to define the mechanism for maintaining the National Pollutant Release and Transfer Register (hereinafter - the Register), to fill the Register with data on emissions and transfers of pollutants and wastes from facilities and diffuse sources located in Ukraine, to provide access to the Register in accordance with Regulation (EC) No. 166/2006 of the European Parliament and of the Council of 18 January 2006 establishing a European Pollutant Release and

Transfer Register and amending Council Directives 91/689/EEC and 96/61/EC.

Order of the MEPNR "On Approval of the Form of the Protocol on Violation by the Operator of the Legislative Requirements in the Field of Registration of Emissions and Transfer of Pollutants and Waste and Resolutions on Consideration of the Case on Offenses" No. 409 of 12 June 2023, registered with the Ministry of Justice of Ukraine on 25 July 2023 under No. 1256/40312.

Order of the MEPNR "On Approval of the Methodological Recommendations on the Procedure for Preparing the Report of the Authorized Body and the Procedure for Preparing and Submitting the Operator's Report" No. 247 of 6 March 2024.

Resolution of the CMU No. 352 of 18 April 2023 "On Approval of the Requirements for the Report of the Authorized Body on Emissions and Transfers of Pollutants and Waste and the Procedure for Preparing and Publishing Such a Report".

• ***Regarding the prevention and remediation of environmental damage, how is the environmental liability directive transposed and enforced?***

No relevant developments during the reporting period.

• ***Regarding spatial data, what legislation, implementing capacity and infrastructure are developed in line with the INSPIRE directive?***

Directive 2007/2/EC of the European Parliament and of the Council of 14 March 2007 establishing an Infrastructure for Spatial Information in the European Community (hereinafter – INSPIRE) is considered in Ukraine as the legislative framework of the European Union, which aims to create an EU geoinformation environment for the creation of spatial data.

The INSPIRE geoinformation environment is more accessible and interoperable to support primary environmental policy and policy development, including sustainable development, across all of Europe, including Ukraine.

On 13 April 2020, the Verkhovna Rada of Ukraine adopted the Law "On the National Spatial Data Infrastructure", which came into force on 1 January 2021 and defined the legal and organizational framework for the creation, operation and development of the National Spatial Data Infrastructure (hereinafter – NSDI). Therefore, Ukraine has joined the countries of the European Union that are creating and developing spatial data infrastructures in accordance with the INSPIRE Directive, which is mandatory for all EU member states.

Spatial data holders ensure the development of specifications which are harmonized with the Commission Regulation (EU) 1089/2010 of 23 November 2010 implementing Directive 2007/2/EC of the European Parliament and the Council as regards interoperability of spatial data sets and services (hereinafter – the EU Commission Regulation).

In accordance with the fifth paragraph of clause 8 of section VII "Final and Transitional Provisions" of the Law of Ukraine "On the State Land Cadastre", for regulation of operations in the field of spatial data and metadata in the absence of technical regulations, national standards or technical specifications, it is possible to apply the provisions of the standards of the International Organization for Standardization (ISO), Open Geospatial Consortium and INSPIRE data specifications.

The Commission Regulation (EU) No. 1088/2010 of 23 November 2010 amending Regulation (EC) No. 976/2009 as regards download services and transformation services; Commission Regulation (EC) No 976/2009 of 19 October 2009 implementing Directive 2007/2/EC of the European Parliament and of the Council as regards the Network Services and Commission Regulation (EC) No. 1205/2008 of 3 December 2008 implementing Directive 2007/2/EC of the European Parliament and of the Council as regards metadata (Text with EEA relevance) have been fully implemented into Ukrainian legislation. The INSPIRE Directive and the EU Commission Regulation are partially implemented in Ukrainian legislation, so there is a necessity to take preparatory measures for the implementation of provisions, which have not yet been implemented into Ukrainian legislation at this stage.

Also, mentioned acquis EU were taken into account when developing the terms of reference for the creation of a national geoportal of the NSDI with the support of the USAID AGRO Program, which was published on the website of the StateGeoCadastre: https://land.gov.ua/wp-content/uploads/2023/01/T3-ГеопорталНІГД-13_12_2022.pdf

Five meetings of the Council on NSDI were held, the composition of which was approved by the Resolution of the CMU No. 812 of 9 September 2020 "On the Establishment of the Council on National Spatial Data Infrastructure". To ensure prompt and professional solutions to issues in the field of NSDI, preparation of proposals on issues that need to be considered by the Council on NSDI, the StateGeoCadastre established a relevant working group by the Order No. 226 of 11 August 2022 .

List of regulatory acts of Ukraine in the field NSDI:

1) Resolution of the CMU No. 532 of 26 May 2021 "On Approval of the Procedure for the Functioning of the National Spatial Data Infrastructure".

2) Resolution of the CMU No. 812 of 9 September 2020 "On the Establishment of the Council on National Spatial Data Infrastructure".

3) Resolution of the CMU No. 134 of 12 February 2020 "On Amendments and Repeal of Certain Resolutions of the Cabinet of Ministers of Ukraine".

4) Order of the Ministry of Agrarian Policy and Food of Ukraine "On Approval of Technical Requirements for Spatial Data, Metadata and Geoinformation Services of the National Spatial Data Infrastructure" No. 347 of 10 November 2021, registered with the Ministry of Justice of Ukraine on 12 January 2022 under No.

● ***Has the directive on environmental crime been transposed? How is the implementation coordinated and the criminal sanctions ensured?***

The Specialized Environmental Prosecutor's Office of the Prosecutor General's Office took measures aimed at implementing legislation in accordance with EU requirements, implementing Directive 2008/99/EC of the European Parliament and of the Council of 19 November 2008 on the protection of the environment through criminal law, and coordinating criminal prosecution of criminal offences in this area.

Thus, the draft Law of Ukraine of 1 September 2023 (registration No. 9665) "On Amendments to the Criminal Code of Ukraine" on Improving Liability for Violations in the Field of Forestry and Combating Illegal Timber Trafficking", prepared with the participation of the Specialized Environmental Prosecutor's Office.

In accordance with Part 2 of Art. 25 of the Law of Ukraine "On the Prosecutor's Office", coordination measures were taken to combat crime in the environmental sphere.

Thus, on 14 March 2024, the Prosecutor General's Office held a joint meeting on the state of combating criminal offences in the field of protection and preservation of territories and objects of the nature reserve fund. The meeting resulted in a number of coordinated measures, including those aimed at increasing the level of lawfulness and combating crime in this area, compensation for damages, and improvement of legislation.

In addition, coordination activities were carried out in other forms, including to improve the professional level of prosecutors and investigators. For example, the Specialized Environmental Prosecutor's Office in cooperation with the World Wide Fund for Nature Ukraine and the Training Center for Prosecutors of Ukraine conducted a training on "Peculiarities of Pre-trial Investigation of Criminal Offenses Against the Environment" on 30-31 May and 1 June 2023. These training sessions were attended by prosecutors, police officers, and employees of other government agencies. On 17 October 2023, prosecutors of the Specialized Environmental Prosecutor's Office conducted a training for employees of the Security Service of Ukraine on the peculiarities of investigating crimes of ecocide.

On 28 February 2024, the Specialized Environmental Prosecutor's Office of the Prosecutor General's Office, together with the Advisory Crimes Advisory Group, held a webinar on "The main components of evidence collection of cases of war crimes against the environment" and a seminar on 16-17 March 2024, on the specifics of investigating crimes against the environment. The joint events were attended by prosecutors, police officers, and employees of the Security Service of Ukraine at the central and regional levels.

● *Is there any law on environmental inspections? How is it implemented and enforced? Does the capacity of environmental inspectorates at the central and local levels need to be strengthened?*

The State Environmental Inspectorate of Ukraine (hereinafter - SEI) is regulated by the Resolution of the CMU No. 275 of 19 April 2017 "On Approval of the Regulation on the State Environmental Inspectorate of Ukraine". This regulation establishes the tasks, functions, structure, legal status, principles of operation, rights and obligations of the SEI.

The SEI exercises its powers directly and through territorial and interregional territorial bodies established in accordance with the established procedure.

In 2023, the territorial and interregional territorial bodies of the SEI conducted 6109 control measures, including 89 unscheduled state supervision (control) measures on compliance with environmental legislation by business entities and 3 inspections of local governments, based on the decisions issued by the MEPNR.

As of 1 January 2024, the central office of the SEI actually employs 72 civil servants. The actual number of employees of the territorial and interregional territorial bodies of the SEI is 1156 people.

In addition to providing a wide range of environmental control in Ukraine, the SEI's activities are also regulated by the Law of Ukraine No. 1264-XII of 25 June 1991 "On Environmental Protection" and the Law of Ukraine No. 877-V of 5 April 2007 "On Basic Principles of State Supervision (Control) in the Field of Economic Activity".

On 15 July 2021, the draft Law of Ukraine "On State Environmental Control" was adopted by the Verkhovna Rada of Ukraine in the first reading. The draft law is currently being prepared for the second reading by the Verkhovna Rada Committee on Environmental Policy and Nature Management.

1.2. Air Quality

● *What is the state of alignment with:*

○ *Ambient Air Quality Directives 2008/50/EC on ambient air quality and cleaner air for Europe;*

○ *4th daughter Directive 2004/107/EC relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air, both as amended by Directive 2015/1480); National Emission Ceilings Directive (Directive (EU) 2016/2284 on the reduction of national emissions of certain atmospheric pollutants); Directive (EU) 2016/802 relating to a reduction in the sulphur content of certain liquid fuels;*

○ *Directives 94/63/EC on the control of volatile organic compound (VOC) emissions resulting from the storage of petrol and its distribution from terminals*

to service stations and 2009/126/EU on Stage II petrol vapour recovery during refuelling of motor vehicles at service stations?

Regarding compliance with Directive 2008/50/EC and Directive 2004/107/EC the Resolution of the CMU No. 827 of 14 August 2019 "Some issues of state monitoring in the field of atmospheric air protection" was adopted.

In order to implement the provisions of EU Directives 2008/50/EC and 2004/107/EC, which were not implemented in Ukrainian legislation, amendments to the Procedure for State Monitoring in the Field of Atmospheric Air Protection were developed and the relevant draft resolution was submitted to the CMU on 29 March 2024.

Order of the MEPNR No. 203 of 6 April 2023 approved the Methodological Recommendations on the Content and Procedure for Developing Air Quality Improvement Plans and Short-Term Action Plans.

● ***(What is the state of play of strategic and investment planning in these fields?) Comment: Not immediately relevant for air quality, but may be for industrial emissions.***

The Procedure for State Monitoring in the Field of Atmospheric Air Protection, approved by CMU Resolution No. 827 of 14 August 2019, stipulates that a state monitoring program in the field of atmospheric air protection is approved for each zone and agglomeration, of which there are 50 in Ukraine (after its approval by the MEPNR).

As of 31 March 2024, the MEPNR has approved 36 state monitoring programs in the field of air protection. In 2023, the MEPNR reviewed 6 programs, of which 3 were approved. From 01 January 2024 to 31 March 2024, 3 programs were reviewed and 1 program was approved.

Programs for some zones and agglomerations have not been developed due to the Russian's war of aggression against Ukraine, in particular, because the relevant territories of Ukraine are under temporary occupation.

- ***What is the state of play regarding:***
 - ***The air quality monitoring system - its design, maintenance and calibration?***
 - ***Data collection, processing and reporting?***
 - ***Access to these data?***
- ***Emission inventories and reporting (to UNECE Air Convention)?***

In accordance with international obligations and compliance with the provisions of the Convention on Long-range Transboundary Air Pollution, the annual report on air pollutant emissions for 2022 was prepared in accordance with

the EMEP protocol and NFR files were sent in February 2024. In March 2024, the report for 2022 was sent to the Steering Body of the Cooperation Program for Monitoring and Evaluation of Long-range Transmission of Air Pollutants in Europe.

● ***Have air quality plans been done for all zones where the levels of pollutants exceed any limit value or target value?***

No relevant developments during the reporting period.

1.3. Waste management

The management of municipal, industrial and hazardous wastes presents significant challenges. A combination of investment and well-structured national and regional enforcement and awareness-raising activities is necessary.

● ***What is the state of alignment with:***

- ***Directive 2018/851/EC Waste Framework Directive***
- ***Directive 86/278/EEC Sewage Sludge***
- ***Directive 2006/66/EC Batteries***
- ***Directive 2018/852/EC Packaging Waste***
- ***Council Directive 96/59/EC PCB/PCT (polychlorinated biphenyls and polychlorinated terphenyls)***
- ***2000/53/EC End-of-Life Vehicles***
- ***Directive 2011/65/EU RoHS***
- ***Directive 2018/849/EU WEEE***
- ***Council Directive 2018/850/EC Landfill***
- ***Regulation EC/1006/2013 Shipments of Waste, as completed by Regulation 2020/2174/EU***
- ***Directive 2006/21/EC Mining Waste***
- ***Regulation EU/1257/2013 Ship Recycling.***

In connection with the adoption of the Law of Ukraine "On Waste Management", which entered into force on 9 July 2023, the MEPNR developed, and the CMU adopted a number of regulatory and legal acts:

Resolution of the CMU No. 625 of 19 June 2023 "Some issues of household waste management in special conditions";

Resolution of CMU No. 667 of 30 June 2023 "On Approval of the Procedure for the Development and Approval of Regional Waste Management Plans";

Resolution of the CMU No. 827 of 8 August 2023 "Some issues of announcing

the termination of the status of waste";

Resolution of the CMU No. 876 of 19 August 2023 "On Amendments to the Resolution of the Cabinet of Ministers of Ukraine of 07.05.2022 No. 556" which improves the procedure for submitting a waste declaration;

Resolution of the CMU No. 947 of 5 September 2023 "On Approval of the Procedure for the Development, Harmonisation and Approval of Local Waste Management Plans";

Resolution of the CMU No. 1031 of 26 September 2023 "On Approval of the Procedure for Formation of the Weighted Average Tariff for Household Waste Management Services, as well as Tariffs for Collection, Transportation, Recovery and Disposal of Household Waste";

Resolution of the CMU No. 1102 of 20 October 2023 "On Approval of the Waste Classification Procedure and the National Waste List";

Resolution of the CMU No. 1166 of 7 November 2023 "On Approval of the Procedure for Monitoring Waste Treatment Facilities";

Resolution of the CMU No. 1214 of 17 November 2023 "Some issues of classification of substances or objects as by-products";

Resolution of the CMU No. 1278 of 5 December 2023 "On Approval of the Licensing Conditions for Conducting Economic Activities for Hazardous Waste Management";

Resolution of the CMU No. 1279 of 5 December 2023 "On Approval of the Procedure for the Creation and Administration of the Waste Management Information System";

Resolution of the CMU No. 1328 of 19 December 2023 "On Approval of the Procedure for Issuance, Refusal to Issue, Revocation of a Permit for Waste Treatment Operations";

Resolution of the CMU No. 229 of 1 March 2024 "On Approval of the Technical Requirements for the Operation of Waste Incineration Plants and Combined Cycle Waste Incineration Plants".

In connection with the adoption of the Law of Ukraine "On Waste Management", the Ministry of Development of Communities, Territories and Infrastructure of Ukraine developed, and the CMU adopted a number of regulatory and legal acts:

Resolution of the CMU No. 695 of 7 July 2023 "Some issues of implementation investment programs in the field of household waste management";

Resolution of the CMU No. 721 of 7 July 2023 "On approval of the Procedure for crediting funds to special accounts for implementation of investment programs in the field of household waste management, use of said funds and implementation of control over their spending";

Resolution of the CMU No. 733 of 18 July 2023 "On introducing changes to

some resolutions of the Cabinet of Ministers of Ukraine regarding issues of household waste management";

Resolution of the CMU No. 835 of 8 August 2023 "On approval of the Rules for the provision of household waste management services and standard contracts for the provision of household waste management services";

Resolution of the CMU No. 918 of 25 August 2023 "On approval of the procedure for holding a competition for the collection and transportation of household waste";

Resolution of the CMU No. 941 of 5 September 2023 "On approval of the procedure for identifying business entities that carry out recovery and removal of household waste.

Order of the Ministry of Development of Communities, Territories and Infrastructure of Ukraine No. 489 of 13 June 2023 "On approval of the Rules for composting bio-waste by its generators on homesteads, summer cottages and garden plots", registered in the Ministry of Justice on 27 July 2023 under No. 1271/40327.

The Order of the MEPNR "On Approval of the Procedure for Verification of Compliance of the Licensee's Material and Technical Base with the Technological Requirements for Conducting Economic Activities for Hazardous Waste Management, Rules for Technical Operation of Installations and Technological Regulations" No. 729 of 31 October 2023 registered with the Ministry of Justice of Ukraine on 4 December 2023 under No. 2099/41155.

The draft Law of Ukraine "On Mining Waste Management" was developed and published on the official website of the MEPNR for public consultation on 20 February 2024. In March 2024 the MEPNR established a Working Group to process proposals and comments to the draft Law of Ukraine "On Mining Waste Management".

The draft Law of Ukraine "On Electrical and Electronic Equipment and Waste Electrical and Electronic Equipment" was developed and published on the official website of the MEPNR for public consultation on 26 December 2023.

The Draft Law of Ukraine "On Packaging and Packaging Waste" was registered in the Verkhovna Rada of Ukraine on 18 September 2023 under No. 10066. The MEPNR provides support for the consideration of this draft law in the Verkhovna Rada of Ukraine.

● ***Is there any waste management strategy at the national level and waste management plans at both national and local levels? How are the following elements taken into account:***

- ***Concept of prevention, re-use and recycling;***
- ***Special waste streams;***
- ***Separate collection including bio-waste;***

○ *Extended producer responsibility.*

The MEPNR has developed a draft National Waste Management Plan until 2033, which includes the National Program for the Reduction of BioWaste Disposal. On 8 December 2023 the procedure for the strategic environmental assessment of the National Waste Management Plan until 2033, which contains a set of interrelated tasks and measures aimed at ensuring sustainable waste management in Ukraine, was launched (case number 08-12-3813-23).

The Order of the MEPNR "On Approval of the Requirements for Sections of the Draft Regional Waste Management Plan" No. 81 of 22 January 2024 registered with the Ministry of Justice of Ukraine on 5 February 2024 under No. 178/41523. The requirements approved by this order establish unified approaches to the content and filling of the sections of the draft regional waste management plan.

Since 1 January 2023 regional state administrations have developed 9 regional draft waste management programs. Regional state administrations also conduct awareness-raising activities on waste management in school and pre-school educational activities. Information materials on waste management and sustainable consumption are developed and distributed.

● *What is the situation as regards the collection and management of plastic waste? Has the work started on aligning with Directive 2019/904/EU on the reduction of the impact of certain plastic products on the environment?*

The draft Law of Ukraine "On Restrictions on the Production and Circulation of Single-Use Plastic Products in Ukraine" was developed, which partially meets the requirements of Directive 2019/904/EU.

The draft Law of Ukraine "On Reducing the Impact of Plastic Products on the Environment" has been developed, which takes into account the main requirements of Directive 2019/904/EU to reduce the impact of certain types of plastic products as harmful to the environment and human health, as well as to prevent the generation of waste arising from the use of such products.

● *How is the cooperation with municipalities and private sector ensured?*

The MEPNR has launched a series of regional trainings on the practical application of the Law "On Waste Management". The events will be held in all regions, the first one took place in Cherkasy on 10 April 2024.

In March 2024, the MEPNR held a series of roundtables on Regional and Local Waste Management Planning. Representatives of regional military administrations and communities discussed new requirements for waste management planning as part of the reform launched in Ukraine.

The roundtables were held on a cluster basis, bringing together representatives from several regions on one platform. In total, more than 600 participants from all

regions joined the events. Proper planning in the field of waste management requires special attention to inter-municipal cooperation.

A series of roundtables were held with business representatives to answer the most pressing and problematic issues related to changes in waste management legislation, reporting, and permitting. There is a chat in the telegram channel where representatives of the MEPNR, within their competence, answer questions from business representatives regarding the submission of reporting documentation, permits and other issues related to waste management.

At the request of business representatives, trainings on waste management issues are conducted regularly. The employees of the MEPNR also deal with written requests from business representatives and local governments. They also regularly provide explanations over the phone on how to prepare and submit reports and obtain permits.

● ***What is the state of play regarding landfills non-compliant with EU standards?***

In Ukraine, 6,000 existing landfills need to be closed and/or brought into compliance with the requirements and standards of Directive 1999/31/EC. Ukraine is currently working on the development and adoption of regional waste management plans, which will determine the number of regional landfills to be built.

● ***What are the obstacles to the transposition and implementation at national and local levels? What is the level of inspections?***

No relevant developments during the reporting period.

● ***What are the investments foreseen in that sector?***

As part of the waste management reform, an infrastructure project will be implemented in the Poltava region. Four plants in these communities will allow the entire Poltava region to be logistically "covered" by waste processing. They will use several modern processing technologies at once: organic waste processing with subsequent biomethane production, deep sorting with the separation of resource-rich materials, etc. The facilities are expected to process up to 500 thousand tons of waste per year. Negotiations with European and American partners are currently underway.

As part of the reform, the issue of locating 8 new waste processing plants in the Kharkiv region is being considered. Two of them, the main ones, are planned to carry out the entire range of waste management activities: from sorting to processing and production of RDF fuel, "energy utilization" of waste with the production of electricity and heat. Overall, the new facilities will ensure 100% recycling of household waste generated in the region.

Five memorandums have already been signed: with Ivano-Frankivsk, Odesa, Poltava, Kyiv, and Zakarpattia regions. The cluster-type waste processing plants will be built there.

1.4. Water quality

Major investment programmes and proper planning are required for the management of wastewater and for improving the quality of the drinking water. Implementation of the Water Framework Directive requires heavy preparatory work and a strong institutional set-up.

- *What is the state of alignment with:*
 - *Directive 2000/60 /EC Water Framework*
 - *Directive 91/271/EEC Urban Waste Water Treatment*
 - *Directive 2008/56/EC Marine Strategy Framework*
 - *Directive 98/83/EC Drinking Water, as recast by Directive 2020/2184/EU on the quality of water intended for human consumption*
 - *Directive 91/676/EEC Nitrates*
 - *Directive 2006/7/EC Bathing Water*
 - *Directive 2006/118/EC Groundwater*
 - *Directive 2008/105/EC Water Quality Standards*
 - *Directive 2007/60/EC Floods*
 - *Directive 2009/90/EC Quality Assurance/Quality Control*
 - *Regulation 2020/741/EC on minimum requirements for water reuse*

The draft Law of Ukraine "On Protection of Water from Pollution Caused by Nitrates from Agricultural Sources" is currently at a preparatory stage. The aim is to define the legal and organizational framework for the prevention of groundwater and surface water pollution by nitrates from agricultural sources, the basic principles and requirements for the prevention of water pollution by nitrates from agricultural sources, as well as the legal framework for the activities of central executive authorities, business entities and the procedure for state control in this area in order to implement the provision of the Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources.

- *Are there any strategies and investment plans regarding water policy?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *What are the obstacles to the transposition and implementation? How is the cooperation with the agriculture ministry ensured (specifically on the nitrates directive)?*

The Working Group on the Implementation of the Nitrate Directive into the National Legislation of Ukraine was established by the Order of the Ministry for Development of Economy, Trade and Agriculture of Ukraine No. 1376 of 21 July 2020. Progress was made in developing and approving the Methodology for determining areas vulnerable to (accumulation of) nitrates, the Rules for ensuring soil fertility and the use of certain agrochemicals (analogous to the Code of Best Agricultural Practice).

Order of the MEPNR “On approval of the Methodology for determining areas vulnerable to (accumulation of) nitrates” No. 244 of 15 April 2021 registered with the Ministry of Justice of Ukraine on 10 June 2021 under No. 776/36398.

• *What is the state of play regarding river basin management plans, authorities and integrated management? Do these include all surface and groundwater bodies, including transitional waters and coastal waters? Has a registry of protected areas been established? What is the state of a water pricing policy and the recovery of costs for water services? What is the state of the establishment of an overall program of measures to deal with pressures in water bodies?*

The first drafts of river basin management plans for all river basins of Ukraine (Dnipro, Dniester, Don, Danube, Vistula, Southern Bug, Black Sea, Azov and Crimea rivers) were prepared.

Drafts of river basin management plans (RBMP) are published on the website of the State Agency of Water Resources of Ukraine (<https://davr.gov.ua/site/material?psevd=https%3A%2F%2Fwww.davr.gov.ua%2Fplani-upravlinnya-richkovimi-basejnamiuuyi8>) and MEPNR (<https://mepr.gov.ua/diyalnist/napryamky/stale-upravlinnya-vodnymy-resursamy/plany-upravlinnya-richkovymy-basejnamy/>).

By the Law of Ukraine "On Strategic Environmental Assessment," the procedure for strategic environmental assessment (SEA) of river basin management plans has begun. As of 1 April 2024, transboundary consultations are ongoing. Public discussions of RBMPs are also ongoing.

The structure of the RBMP corresponds to Annex VII of the Directive 2000/60/EC. RBMPs contain information on surface and groundwater bodies, including transitional waters and coastal waters; and protection zones (Article 6 Directive 2000/60/EC and Annex IV).

The state of a water pricing policy and the recovery of costs for water services are specified in section 6. Economic analysis of water use of the RBMPs.

Measures to deal with pressures in water bodies are included in the general program of RBMPs measures - section 8. A complete list of programs (plans) for the river basin or sub-basin area, their content and problems that are expected to be solved.

● ***What is the state of play of the monitoring system for water quality standards, nitrates, drinking water, groundwater and bathing water? What are the main sources of pollution?***

The monitoring of surface water bodies in 2024 is carried out by the State Water Monitoring Program (in terms of diagnostic and operational monitoring of surface waters), approved by the Order of the MEPNR No. 37 of 9 January 2024. Monitoring covered 99% of observation points, taking into account Russia's ongoing war of aggression against Ukraine.

Order of the MEPNR "On the approval of ecological water quality standards for determining the ecological status of the surface water body and making changes to some normative legal acts" No. 332 of 1 April 2024 was issued and submitted for state registration to the Ministry of Justice of Ukraine.

Order of the MEPNR No. 78 of 19 January 2024 approved the State Water Monitoring Program (in terms of diagnostic monitoring of groundwater massifs) for 2024.

A draft resolution of the CMU "On Amendments to Some Resolutions of the Cabinet of Ministers of Ukraine on Water Monitoring" has been developed. As of 1 April 2024, interagency coordination is ongoing. Implementation of the Directive on technical specifications for chemical analysis and monitoring of water status continues. Administrative capacity in the water sector is insufficient, also due to lack of funding.

In order to improve the mechanism for determining the damages caused to the state as a result of water pollution and/or contamination, unauthorized use of water resources:

- amendments to the Methodology for determining damages caused by water pollution and/or contamination, unauthorized use of water resources (Order of the MEPNR No. 718 of 24 October 2023, registered with the Ministry of Justice of Ukraine on 9 November 2023 under No. 1944/41000);

- amendments to the Methodology for calculating the compensation for damages caused to the state due to violations of legislation on the protection and rational use of water resources (Order of the MEPNR No. 94 of 25 January 2024, registered with the Ministry of Justice of Ukraine on 13 February 2024 under No. 217/41562).

In order to improve the quality of groundwater monitoring data, in March 2024, a test version of the electronic submission of the 7-GR Groundwater reporting form was launched on the State Geological Portal in the subsoil user's office. This form

will be fully implemented for electronic reporting in 2025 based on the results of groundwater extraction in 2024, as well as for observation wells of business entities that extract groundwater with a production volume of more than 100 cubic meters per day and that set up a local network of observation wells within sanitary protection zones and in adjacent territories in accordance with the Procedure for State Water Monitoring approved by the Resolution of the CMU No. 758 of 19 September 2018.

Data from the State Register of Artesian Wells can also be used to improve the quality of groundwater monitoring data. During the period 1 January 2024 - 29 March 2024, information on 1167 objects was entered into the State Register of Artesian Wells. As of 29 March 2024 - 12927 facilities were registered.

• *Regarding urban wastewater, have the responsibilities among different levels been clarified? What is the state of play regarding the delineation of agglomerations, designation of sensitive areas and the permitting procedure? What is the state of play in terms of already built and functioning collecting systems and treatment plants? Which treatment level is ensured by existing treatment plants?*

On 7 August 2023 the Law of Ukraine "On Sewerage and Wastewater Treatment" entered into force. In compliance with the requirements of the Law of Ukraine "On Sewerage and Wastewater Treatment," which defines the legal, economic, and organizational principles of sewage system operation aimed at creating favourable conditions for human life and protecting the environment from the negative impact of wastewater, the following have been developed and approved:

- Procedure for developing standards for the maximum permissible discharge of pollutants into centralized sewerage systems and a list of pollutants whose discharge into centralized sewerage systems is regulated (resolutions of the CMU No. 364 of 29 March 2024);

- Procedure for wastewater treatment before discharge in vulnerable areas (resolutions of the CMU No. 378 of 2 April 2024).

• *What is the timeline regarding flood hazard and risk mapping and the flood risk management plans?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *What is the status of the implementation of the Marine Strategy Framework Directive? Has a marine strategy already been designed?*

The CMU approved the Marine Environmental Strategy of Ukraine by its Order No. 1240 of 11 October 2021 which defines the performance indicators for the

Strategy implementation by the main stages of its implementation until 2034.

In order to ensure the effective implementation of the Marine Environmental Strategy of Ukraine by regulating issues related to the preparation and approval of an action plan to achieve and maintain the "good" ecological status of the Azov and Black Seas for the period 2022-2027 and the implementation of the measures of the Marine Environmental Strategy of Ukraine, the amendments to the Marine Environmental Strategy of Ukraine were made by the Order of the CMU No. 680 of 4 August 2023.

1.5. Nature protection

The Birds and Habitats Directives and the Natura 2000 network of protected areas are the cornerstones of the protection of the rich bio-diversity and ecosystems in Europe.

- *What is the state of alignment with:*
 - *Directive 2009/147/EEC Wild Birds*
 - *Council Directive 92/43/EEC Habitats*
 - *Council Directive 1999/22/EC Zoos*
 - *Council Regulation EEC/3254/91 Leghold Traps*
 - *Council Regulation EC/338/97 Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)*
 - *Council Regulation EC/2173/2005 Forest Law Enforcement, Governance and Trade (FLEGT)*
 - *Regulation (EU) No 511/2014 on Access to Genetic Resources and Sharing of Benefits Arising from their Utilization (ABS)*
 - *Regulation (EC) No 1007/2009 on trade in seal products (Seals)*
 - *Regulation (EU) 2023/1115 (Deforestation-free Products)*

In order to improve the mechanisms for issuing permits, including permits/certificates of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the MEPNR has developed and submitted to the CMU the Draft Law of Ukraine "On Amendments to Certain Laws of Ukraine on Improving the Protection and Use of Flora and Fauna", which was registered in the Verkhovna Rada of Ukraine under No. 9470 of 10 June 2023. The adoption of this draft law will allow for the following steps to be taken to harmonize national legislation with EU legislation, in particular the Council Regulation EC/338/97 Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

On 19 February 2024, the CMU approved the draft Law of Ukraine No. 11024

on the prohibition of jeeping in protected areas, which aims to protect the territories and objects of the Nature Reserve Fund of Ukraine from negative impacts caused by the operation of motor vehicles and reduce the anthropogenic load on these territories and objects.

Regarding Council Regulation EC/2173/2005 Forest Law Enforcement, Governance and Trade (FLEGT), a pilot project is currently underway to issue a certificate of origin for timber and sawn timber products in electronic form. The Resolution of the CMU No. 483 of 12 May 2023 approved the Procedure for the implementation of a pilot project on the issuance of a certificate of origin of timber and sawn timber in electronic form (hereinafter - the Procedure), according to which, in order to obtain the said certificate, confirmation of the origin of wood is required by providing relevant documents (paragraph 5 of the Procedure). The form of the certificate of origin of timber and sawn timber was approved by the Order of the MEPNR No. 520 of 21 July 2023, registered with the Ministry of Justice of Ukraine on 25 August 2023 under No. 1485/40541.

• What is the state of play regarding the work on inventory and mapping of natural habitat types and of biodiversity/designating and managing Natura 2000 network of protected areas, including institutional set-up? Are there any potential sites of Community importance (SCI) under the Habitats Directive and any potential Special Protected Areas (SPASPAs) under the Wild Birds Directive?

The National Catalog of Habitats of Ukraine was prepared and published with the support of the EU. By Order of the MEPNR No. 693 of 16 October 2023 the state cadastre of territories and objects of the nature reserve fund on the Unified Ecological Platform "EcoSystem" was put into trial (test) operation by 1 October 2024, to be used by employees of the MEPNR, regional state (military) administrations, and nature reserve fund institutions to identify errors and shortcomings and to eliminate them.

• What is the state of play of the monitoring system of the conservation status of habitats and species?

Order of the MEPNR No. 527 of 24 July 2023 established a working group to prepare proposals for reforming the state environmental monitoring system in Ukraine in the area of biodiversity, which prepared a draft resolution of the CMU "On Approval of the Procedure for State Monitoring of Biological and Landscape Diversity", which will be a step towards the implementation of the provisions of Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds and Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and wild fauna and flora.

• *Is the planning of any hydropower and any touristic developments in conformity with the relevant EU nature legislation (EIA, water, nature protection) and taking into account the cumulative impact on areas of high nature interest?*

No relevant developments during the reporting period.

• *What is country X doing to fight against the illegal killing of birds and other strictly protected species?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *What is the enforcement capacity of country X in the field of nature, especially regarding CITES? Does this include all levels (national and local)? What is the state of play regarding the inspection network?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

1.6. Industrial pollution and risk management

The Directive on Industrial Emissions concerns thousands of firms and installations in the countries, and large-scale investments are needed to be made compliant with the requirements of the Directive.

• *Is the country's legislation aligned with the EU's industrial pollution and risk management requirements, including Industrial Emission Directive (IED), Seveso III Directive, Volatile Organic Compounds (VOC) in paints, EMAS and Ecolabel directive? What is the state of play regarding major industrial installations, large combustion plants and waste (co)-incineration?*

On 29 May 2023 the draft law "On Ensuring Citizens' Constitutional Rights to a Safe Environment for Life and Health", registration No. 6004-d of 4 January 2023, was adopted in the first reading. It awaits the second reading in the Verkhovna Rada of Ukraine.

On October 10 2023, the Order of the MEPNR No. 448 of 27 June 27 2023 came into force, approving the Instruction on the requirements for the preparation of documents justifying the volumes of emissions of pollutants into the atmospheric air from stationary sources. The Order was registered with the Ministry of Justice on 23 August 2023 No. 1475/40531.

• *What are the obstacles to the transposition and implementation, specifically regarding the inspection system?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *What is the integrating permitting system in place? How many integrated permits have been emitted so far?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

1.7. Chemicals

● *Is the country's legislation aligned with the EU's requirements on REACH, export and import of hazardous chemicals, classification, labelling and packaging of substances, persistent organic pollutants (POPs, as recast by Regulation 2019/1021/EU), animal testing, asbestos, biocides and mercury?*

The Law of Ukraine No. 3248-IX of 13 July 2023 "On Ratification of the International Labour Organization Convention No. 170 concerning Safety in the Use of Chemicals at Work" was adopted, which is aimed at improving organizational support for the management of chemicals, preventing accidents, protecting workers from the harmful effects of chemicals and reducing their negative impact.

The Law of Ukraine No. 3116-IX of 29 May 2023 "On Ukraine's Accession to the Minamata Convention on Mercury" was adopted, which was necessary to ensure regulatory and legal regulation of mercury management by the requirements established at the international level.

● *What are specifically the competent authorities for chemicals and REACH in particular? Is there any cooperation with the European Chemical Agency (ECHA)?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *How are implementation and enforcement ensured? Has a national help desk been established as a first point of contact for questions related to the CLP and REACH regulations, as well as a centre for the control of chemical poisoning? (poison centre)?*

No relevant developments during the reporting period.

● *How is your chemicals inspectorate organised? Is there an established cooperation with EU Member States?*

No relevant developments during the reporting period.

- ***Is there a sanction regime set up and how is it applied?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***Do you have a reporting system about the application of chemicals legislation and do you publish statistics about the implementation of chemicals legislation?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Noise

- ***What is the state of alignment with the Directive 2002/49/EC on Environmental Noise? What is the state of play regarding noise mapping and action plans?***

In order to comply with the requirements of the Directive 2002/49/EC, the State Aviation Administration of Ukraine issued the Order "On Approval of the Aviation Rules of Ukraine "Requirements for the Aerodrome Operator on Spatial Zoning of the Territory Around the Airport in Terms of Aviation Noise Impact" No. 381 of 26 March 2019, registered with the Ministry of Justice of Ukraine on 3 May 2019 under No. 461/33432.

In accordance with the requirements of Aviation Rules No. 381, the results of measurements of aviation noise characteristics are periodically published on the airport (aerodrome) websites and are considered as a basis for monitoring compliance with measures aimed at reducing aviation noise.

The contours of aviation noise serve as an information base for summarizing statistical information on the characteristics of aviation noise at the airport (aerodrome) and in the surrounding area, informing the public, relevant state authorities, and local self-government bodies about noise characteristics, refining the actual zones of aviation noise impact in the vicinity of the airport (aerodrome) to consider the development prospects of settlements.

For the accessibility and comprehensibility of data on noise levels and contours, the State Aviation Service proposed using an online system for collecting information on aviation infrastructure noise (with geospatial information) with visualization (an interactive map of Ukraine) – NOMOS. Due to the imposition of martial law in Ukraine (Law of Ukraine No. 2102-IX of 24 February 2022), the portal's operation has been suspended to prevent free access to information that could pose a risk during military operations.

1.8. Civil protection

• *Is country X a participating state in the Union Civil Protection Mechanism (Decision (EU) 1313/2013 amended by Decision (EU) 2019/420)?*

On 8 November 2023 the Law of Ukraine "On the Ratification of the Agreement between Ukraine, on the one hand, and the European Union, on the other hand, regarding Ukraine's participation in the Union Civil Protection Mechanism" was adopted. With the ratification of this Agreement, Ukraine became a full member of the EU Civil Protection Mechanism.

• *What legislative and/or regulatory framework is in place for disaster risk management?*

The Resolution of the CMU No. 690 of 7 July 2023 "Some issues of ensuring the functioning and maintenance of the State electronic register of high-risk objects" was adopted. By this Resolution, monitoring and control over the implementation of flood risk management plans in certain territories of Ukraine within river basin districts is ensured.

Under the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Regarding Improvement of State Supervision (Control) in the Field of Technogenic and Fire Safety", which entered into force on 27 November 2023, the Ministry of Internal Affairs of Ukraine issued Order "On Approval Procedure for managing the risks of man-made emergencies and fires" No. 627 of 7 July 2023, registered in the Ministry of Justice on 14 August 2023 under No. 1397/40453. This Procedure defines the tasks and general requirements for the organization of risk management processes of man-made and fire emergency situations.

• *What are the administrative and financial capacities of the competent authorities at national and local levels regarding prevention from, preparedness for and response to disasters?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Is the national competent authority for civil protection in a position to coordinate incoming international assistance to the country in case of a large disaster and decide on sending assistance abroad?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *Is there an operational centre 24/7 established? Do they have English-speaking operators?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***Has an emergency communication system been set up? Is it linked to the Common, Emergency, Communication and Information System (CECIS) of the European Commission (DG ECHO)?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***Is country X connected to TESTA network (Trans European Services for Telematics between Administrations), which is a prerequisite to CECIS connection?***

No relevant developments during the reporting period.

● ***Are emergency response plans on all levels in place?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***Is there any strategy for disaster risk reduction?***

No relevant developments during the reporting period.

● ***Are the main risks in the country identified? Is there a methodology for developing risk assessments? Are risk assessments for all levels available? Who is involved in drafting risk assessments?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***Is cooperation among the relevant authorities/ministries sufficient?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***What kind of early warning systems are in place?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Is a public awareness strategy in place? How is alarming of population in case of disasters done?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

2. CLIMATE ACQUIS

The Paris Climate Agreement under the United Nations Framework Convention on Climate Change (UNFCCC) has established a legally binding, universally applicable international framework with a transparency and accountability mechanism and a global stocktaking every five years. In that framework, the countries should implement their Nationally Determined Contribution (NDCs) through a climate (and energy) policy and strategy consistent with the EU 2030 framework for climate and energy policies.

● *Is there a national climate strategy and climate law? Is it in line with the EU 2030 framework for climate and energy policies? How is climate mainstreaming in other sectors ensured? Is there any element on adaptation?*

The MEPNR has developed a draft Law of Ukraine "On the Basic Principles of the State Climate Policy" (hereinafter - draft law), which was published for public discussion on the official website of the MEPNR on 05 February 2024, and sent for approval by the interested authorities.

The purpose of the draft law is to define the legal and organizational framework of the state climate policy aimed at ensuring low-carbon development of Ukraine, achieving climate neutrality, adaptation to climate change, fulfilling Ukraine's international obligations in this area, as well as the principles of creating a national system of inventory of anthropogenic emissions from sources and absorption by sinks of greenhouse gases, functioning of the national system for tracking the implementation of policies and measures and forecasting in the field of climate change.

The draft law provides for the definition of the goals and basic principles of the state climate policy, climate change governance bodies, strategic planning in the field of climate change, as well as the definition of mechanisms and tools for achieving climate goals.

Also, to create the organizational and legal framework for the formation and implementation of state policy in the field of climate change to achieve sustainable development and ensure an effective transition to low-carbon development of the state, in the first quarter of 2024, the MEPNR developed and agreed with the stakeholders a draft Strategy for the Formation and Implementation of State Policy in the Field of Climate Change for the period up to 2035 and an operational plan for it, which will soon be sent to the CMU for consideration.

• *What are the envisaged plans and strategies to achieve climate neutrality by 2050?*

The draft Law of Ukraine "On the Basic Principles of the State Climate Policy" provides for the development of a Long-Term Low-Carbon Development Strategy for Ukraine to achieve climate neutrality.

• *Is there a climate change adaptation strategy? Or is climate change adaptation integrated into other strategic documents? Is there an adaptation action plan?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Order of the MEPNR No. 386 of 03 June 2023 approved the Methodological Recommendations for Assessing the Risks and Vulnerability of Socio-Economic Sectors and Natural Components to Climate Change.

• *Where does the country stand regarding reporting to United Nations Framework Convention on Climate Change (UNFCCC) (National Communication, Biennial Update Reports, and GHG inventories) or to the European Environment Agency?*

The reporting to UNFCCC is at the stage of preparing the first biennial transparency report under the Paris Agreement. The report on the inventory of greenhouse gas emissions in Ukraine for 1990-2021 was submitted to the UNFCCC Secretariat in May 2023. Currently, a draft report on the inventory of greenhouse gas emissions in Ukraine for 1990-2022 has been prepared, which will be an integral part of the biennial transparency report.

• *What are the country's plans and actions to implement the Paris Agreement and updating its nationally determined contribution to the global response to climate change?*

The MEPNR with the support of an international technical assistance project, should prepare a draft of Ukraine's Second Nationally Determined Contribution to the Paris Agreement by the end of 2024.

In addition, in pursuance of the Paris Agreement and in accordance with the draft Law of Ukraine "On the Basic Principles of State Climate Policy," it is envisaged to develop a Long-Term Low-Carbon Development Strategy for Ukraine to achieve climate neutrality. In order to ensure the preparation of this document, the MEPNR is forming a team of experts to conduct modelling of all sectors of the economy, as well as collecting basic input data for modelling and preliminary assessment in the energy and industry sectors.

● ***What is the status of a National Energy and Climate Plan in line with Energy Community obligations?***

According to the Resolution of the CMU No. 924 of 19 August 2023 an Interagency Working Group was established to prepare proposals and recommendations for the development of the National Energy and Climate Plan, which includes the Deputy Minister of Environmental Protection and Natural Resources.

The Ministry of Economy of Ukraine together with other central executive bodies, with the support of an international technical assistance project, has developed and published a draft National Energy and Climate Plan for the period 2025-2030, which is to be submitted to the Government for approval in May-June 2024.

● ***What is the state of alignment with the following climate acquis:***

○ ***Regulation (EU) No 525/2013 Monitoring Mechanism Regulation, replaced by Regulation (EU) 2018/1999***

○ ***Regulation 2015/757 on monitoring, reporting and verification of carbon dioxide emissions from maritime transport***

○ ***Directive 2003/87/EC Emission Trading Scheme as amended (including ETS aviation, ETS maritime, ETS2)***

○ ***Regulation 2018/2066 on monitoring and reporting of GHG emissions and amending Commission Regulation (EU) No 601/2012***

○ ***Regulation (EU) 2018/842 on Effort Sharing***

○ ***Directive 2009/31/EC Geological Storage of CO2***

○ ***Regulation (EU) 2024/573 on fluorinated greenhouse gases***

○ ***Regulation (EU) 2024/590 on Ozone Depleting Substances, and repealing Regulation (EC) No 1005/2009***

○ ***Directive 98/70/EC Fuel Quality***

○ ***Regulation (EU) 2019/631 setting CO2 emission performance standards for new passenger cars and for new light commercial vehicles, and repealing Regulations (EC) No 443/2009 and (EU) No 510/2011***

○ ***Directive 1999/94/EC Consumer Information***

○ ***Regulation (EU) 2018/841 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry (LULUCF), and amending Regulation (EU) No 525/2013***

○ ***Including other related and relevant climate acquis.***

The provisions of Regulation 2018/1999 are reflected in the draft Law of

Ukraine "On the Basic Principles of State Climate Policy" and the National Energy and Climate Plan for the period 2025-2030.

The draft Strategy for the Implementation of the Greenhouse Gas Emissions Trading System in Ukraine (ETS) until 2035 and its operational plan are currently being finalized.

Resolution of the CMU No. 1203 of 14 November 2023 "On Amendments to Certain Resolutions of the Cabinet of Ministers of Ukraine on Monitoring, Reporting and Verification of Greenhouse Gas Emissions" partially implemented the provisions of Regulation 2018/2066 on monitoring and reporting of GHG emissions and amending Commission Regulation (EU) No. 601/2012.

The Action Plan for the implementation of Ukraine's climate policy in the framework of participation in the global initiative to reduce methane emissions "Global Methane Pledge" was approved by the Resolution of the CMU No. 607 of 07 July 2023.

The target for climate neutrality of the LULUCF sector will be set as part of the national medium-term greenhouse gas emission reduction target after the adoption of the Law of Ukraine "On the Basic Principles of State Climate Policy". The rules for accounting for greenhouse gas emissions and removals in the LULUCF sector will be included in the regulations to be adopted pursuant to the said law and will concern the rules for greenhouse gas inventory.

Regarding Regulation (EU) 2024/573 on fluorinated greenhouse gases, there were also adopted:

Resolution of the CMU No. 1402 of 27 December 2023 "On the List of Goods Subject to Licensing and Quotas for 2024" which establishes a list of controlled substances and goods containing them, the import and export of which is subject to licensing.

Order of the MEPNR "On Approval of the Procedure for Keeping and Submitting Reports by Operators of Controlled Substances Moved Across the Customs Border of Ukraine, Placed on the Market, Used and Handled by Controlled Substances and Goods" No. 875 of 01 December 2023, registered with the Ministry of Justice of Ukraine on 25 January 2024 under No. 131/41476. This Order establishes the forms for recording information on transactions with controlled substances and goods containing them and the procedure for submitting annual reports to the MEPNR and information upon request of the competent authorities.

Order of the MEPNR "On Approval of the Application Form for Obtaining a Qualification Document (Certificate)" No. 7 of 4 January 2024.

Regarding Regulation (EU) 2024/590 on Ozone Depleting Substances, and repealing Regulation (EC) No 1005/2009 the Law of Ukraine "On Regulation of Economic Activities with Ozone Depleting Substances and Fluorinated Greenhouse Gases" regulates legal relations regarding the production, import, export, storage, use, placement on the market and handling of ozone-depleting substances, as well

as goods and equipment containing or using them.

Prohibitions have been established on: the production of controlled substances in Ukraine; the placement of primary ozone-depleting substances on the market from 1 January 2021; the import and placement on the market of goods and equipment containing or operating with the use of ozone-depleting substances.

The Unified State Register of Controlled Substances Operators, licensing of import and export of controlled substances, the procedure for allocating shares of the annual national quota for the import of controlled substances, labelling of goods and equipment containing ozone-depleting substances, personnel training and confirmation of their qualifications, and recording of information on activities with controlled substances were introduced. The Law establishes requirements for operators of controlled substances to prohibit emissions, ensure the collection and storage of controlled substances for their recycling or disposal, obligations to control leaks and annual reporting by operators of controlled substances.

• *What are the obstacles to the transposition and implementation for transposition, implementation and enforcement, at the national and local level? How is inter-institutional coordination ensured?*

No relevant developments during the reporting period.

Information on anti-corruption mainstreaming

Chapter 27 - Environment: prevention of environmental crime, illegal logging, illegal trade in ozone depleting substances, dumping and illegal transport of hazardous wastes, unreported fishing or irregularities in the process of granting concessions for legal activities.

In Ukraine, the Anti-Corruption Strategy for 2021-2025 has been adopted, which is being implemented through the State Anti-Corruption Programme for 2023-2025. The Programme prescribes the following expected strategic results with regard to environmental sector:

- Expected strategic result 2.2.2.2. An audit of the current status of implementation of electronic auctions and systems for accessing a limited public resource has been conducted; the key methods used to bypass their restrictions have been identified; implementation of electronic auctions and systems for accessing a limited public resource has been completed, taking into account the findings of the audit (electronic workspace of the user, Prozorro.Sale electronic auctions);

- Expected strategic result 2.2.2.4. An information and analytical system for management of natural resources management has been introduced, which provides open access to up-to-date information on natural resources, contains the functionality of electronic services, electronic reporting, traceability, environmental

monitoring and inspection, as well as an open software interface for creating analytical and visual (geoinformation) software based on the data of this information and analytical system (without the right to modify such data);

- Expected strategic result 2.2.4.3. Effective and transparent timber accounting procedures and timber market have been introduced.

The content of the measures addressed to achieve these expected strategic results and information on the progress of their implementation as of December 31, 2023, can be found at the following link: <https://dap.nazk.gov.ua/en/direction/8/table/>.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ ensure cross-sectoral mainstreaming of environment and climate action in the reconstruction plans of the country, identify green reconstruction strategy for key sectors and prioritise relevant EU legislation and standards in its National Programme for the Adoption of the Acquis (NPAA)

The Unified Register of Environmental Impact Assessment as a unified information and communication system that ensures the creation, review, collection, filing, accumulation, processing, use, review, storage, protection, accounting and provision of information in the field of environmental impact assessment has been in operation since December 2017.

On 29 December 2023 the updated Unified Environmental Impact Assessment Register was introduced with the functionality in accordance with the Law of Ukraine No. 3227-IX of July 13, 2023 "On Amendments to Certain Laws of Ukraine on Improving and Digitalizing the Environmental Impact Assessment Procedure" (hereinafter - the Law).

The Law ensures the full implementation of Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (codification). In particular, consultations on the environmental impact assessment report with other executive authorities and local self-government bodies in accordance with their powers on environmental matters have been introduced, which is in line with the provisions of Article 6(6) of Directive 2011/92/EU.

Digitalization of the strategic environmental assessment procedure was ensured through the introduction of the Unified Register of Strategic Environmental Assessment in May 2023, a unified information and communication system that ensures the creation, review, collection, entry, accumulation, processing, use,

review, storage, protection, accounting and provision of information in the field of strategic environmental assessment.

Moreover, to date, four NATO standards have been developed and implemented as military standards for environmental protection:

VST 01.107.001 - 2018 (01) "Environmental safety of troops (forces) in military activities" (STANAG 7141 Ed. 2/AJEPP-4 Ed.B);

VST 01.107.002 - 2022 (01) "Ecology and environmental protection. Waste management during military activities";

VST 01.107.003 - 2022 (01) "Documentation of field camps in military activities" (STANAG 6500 Ed. H, AJEPP-6 Ed. C);

VST 01.107.004 - 2022 (01) "Environmental safety management system of troops (forces) during military activities" (STANAG 2583 Ed. 2/AJEPP-3 Ed. A).

Draft military standards are currently being developed:

"Ecology and Environmental Protection. Best Environmental Protection Practices for the Rational Use of Military Training Areas of the Armed Forces of Ukraine" (STANAG 2594 (ed/2/AJEPP-7 (B)));

"Ecology and Environmental Protection. Best Practices and Standards for Environmental Protection for the Rational Use of Military Base Camps during Military Operations" STANAG 2582 (ed/2/AJEPP-2 ed.A. Ver.1);

revision of the requirements of VST 01.107.003 - 2022 (01) "Guidelines for Environmental Sampling Protocols" (STANAG 6500 (d/3/AJEPP-6.1 Ed. A Ver.1)).

The next step is to develop standards that provide for the introduction of environmental audit and control at military facilities. Proper implementation of the issues raised will require amendments to the national environmental legislation.

Thus, in order to improve the legal regulation and legislative definition of the powers of the Ministry of Defense of Ukraine in the field of environmental protection, which are necessary for the creation of an effective environmental management system within the structure of the Ministry of Defense of Ukraine, the Armed Forces of Ukraine and the armed formations of the State Special Transport Service, the Draft Law of Ukraine "On Amendments to Certain Laws of Ukraine on Improving the Legislation on Environmental Protection" has been registered in the Verkhovna Rada of Ukraine under the No. 11136 of 01 April 2024. The adoption of this draft law will make it possible to develop the State Program for Ensuring Environmentally Safe Activities of the Armed Forces of Ukraine and the State Special Transport Service.

The National Securities and Stock Market Commission (NSSMC) has been working on drafting the Regulation on Procedure for Issuance of Corporate Bonds and their Turnover. The draft Regulation envisages the chapter "Peculiarities of green bonds issuance".

→ adopt primary and secondary legislation to continue the reforms initiated in water management acquis

Information on progress is provided above as part of the answer to the guiding question: “What is the state of play regarding **river basin management plans, authorities and integrated management**? Do these include all surface and groundwater bodies, including transitional waters and coastal waters? Has a registry of **protected areas** been established? What is the state of a water pricing policy and the recovery of costs for water services? What is the state of the establishment of an overall program of measures to deal with pressures in water bodies?”

Information on progress is provided above as part of the answer to the guiding question: “What is the state of play of the **monitoring system** for water quality standards, nitrates, drinking water, groundwater and bathing water? What are the main sources of pollution?”

→ adopt primary and secondary legislation to continue the reforms initiated in waste management acquis

Information on progress is provided above as part of the answer to the guiding question: «What is the state of aligning with waste management directives (according to the list)».

Information on progress is provided above as part of the answer to the guiding question: «Is there any waste management strategy at the national level and waste management plans at both national and local levels?»

→ adopt a climate law and initiate the update of its long-term low emissions strategy consistent with the EU 2030 framework

Information on progress is provided above as part of the answer to the guiding question: “Is there a **national climate strategy and climate law**? Is it in line with the EU 2030 framework for climate and energy policies? How is climate mainstreaming in other sectors ensured? Is there any element on adaptation?”

Further action is needed to protect biodiversity, including the acquis on wild birds, habitats, zoos, leg hold traps, access to genetic resources and seals.

The Law of Ukraine No. 3150-IX of 10 June 2023 ratified the Nagoya-Kuala Lumpur Additional Protocol on Liability and Compensation to the Cartagena Protocol on Biosafety.

Order of the MEPNR No. 290 of 15 March 2024 approved the Methodological Recommendations for Assessing the Existing and Potential Impact (Risks) of Invasive Alien Species.

A legal framework covering area industrial pollution and risk management exists in Ukraine, but efforts are needed to further align with the EU *acquis*, including by adopting missing primary legislation.

Support for the draft Law of Ukraine "On Ensuring the Constitutional Rights of Citizens to a Safe Environment for Life and Health" (reg. No. 6004-d of 4 January 2023) was provided. The MEPNR is working on the preparation of bylaws necessary for the full implementation of Draft Law 6004-d and is simultaneously developing an IT solution for issuing integrated environmental permits.

At the same time, the first 10 reference documents on the best available technologies and management practices (BREFs) have already been translated and published on the MEPRN's website.

By Order of the MEPNR, six working groups have been established to prepare proposals for the conclusions of the best available technologies and management methods, where the reference documents are being actively discussed.

Ukraine has been granted official observer status of the BAT expert group in the Seville process for the exchange of information on BATs prior to their adoption by the European Commission. This allowed representatives of the MEPNR to participate in the eighth meeting of the BAT expert group in November 2023.

Ukraine needs to urgently step up on implementing the Energy Community's Decarbonisation Roadmap and in particular prepare for the Emissions Trading System (ETS).

Information on progress is provided above as part of the answer to the guiding question: «What is the state of alignment with the climate *acquis* - Directive 2003/87/EC Emission Trading Scheme as amended (including ETS aviation, ETS maritime, ETS2)».

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

**CLUSTER 5: Resources,
Agriculture and Cohesion**

**CHAPTER 11 – Agriculture and
Rural Development**

ЄВРОПА

УКРАЇНА

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ЄВРОПА

Answers to the Guiding Questions

HORIZONTAL ISSUES

● *Is there a strategy for the agriculture sector? Please provide a brief overview.*

The draft Strategy for Agriculture and Rural Development until 2030 (hereinafter – the Strategy) has been prepared by the Ministry of Agricultural Policy and Food (hereinafter – Minagropolicy) of Ukraine, is due to be presented in May 2024, and be adopted in September-November 2024. The Strategy has as objectives: ensuring food security and improving food quality; supporting viable farm income and resilience of the agricultural sector; completing land reform, demining, promoting sustainable development and efficient use of soil, air and water, contributing to halting biodiversity loss and improving ecosystem services, as well as preserving habitats and landscapes; strengthening market orientation and increasing competitiveness; modernising the agri-rural sector by promoting/sharing/using knowledge, innovation, digitization, research, and training.

Minagropolicy will create an institutional and management structure that meets EU requirements to facilitate the Strategy implementation. This will cover entry and integration into the EU internal (common) market, preparation to use the pre-accession instrument (IPARD), and full adoption of the EU *acquis communautaire*. Professional capacity in the ministry and subordinate institutions will approximate EU legislation, as well as develop EU-required methods and approaches that include the establishment/operation of a managing authority, a certified payment agency based on monitoring and control, a monitoring committee, an integrated administration and control system (IACS), a farm sustainable data network (FSDN), and a land parcel identification system (LPIS). An independent evaluation will form the basis for preparing a new strategy post-2030.

● *Is there a paying agency in charge with the management of agricultural policy? How does it operate (structure, number of staff members)?*

There is no Paying Agency in charge of the management of agricultural policy in Ukraine. The Paying Agency is expected to be established on the basis of the existing Ukrainian State Farm Support Fund. For this purpose, the Draft Law of Ukraine "On Amendments to the Law of Ukraine "On State Support of Agriculture of Ukraine" (regarding the organisational principles of support in the agricultural sector)" is being developed, which will be submitted to the Parliament no later than December 2024, and is scheduled for adoption in the first quarter of 2025. The Draft Law also provides for the establishment of an Farm Sustainability Data Network (FSDN). The planned staffing of the Paying Agency will be subsequently determined by bylaws (secondary legislation) approved by the Cabinet of Ministers.

The newly created Rural Development Department of the new structure of the

Minagropolicy will be responsible for the work of the Paying Agency.

• *What is the state of development of an Integrated Administration and Control System (IACS)? Outline what elements (if any) already exist or are in the process of being established. Is there a timeline for the completion of a fully functioning system?*

An Integrated Administration and Control System (IACS) has not yet been developed. The IACS will operate on the basis of the State Agrarian Registry (SAR).

Currently, work is underway to study EU legislation on the functioning of the integrated administration and control system (IACS).

It should be noted that Ukraine has the following information and communication systems in place:

The SAR is an automated information system for collecting, recording, storing and providing information on agricultural producers and their agricultural activities;

The State Land Cadastre is an information and communication system containing information on land plots (cadastral numbers, land area);

National Geospatial Data and Information System - a system that combines various types of data on land, water, forests, natural resources, infrastructure and communications based on map data and satellite images;

The State Registry of Real Property Rights is a unified state information system that processes, stores and provides information on registered real property rights and their encumbrances, including rights to land plots.

All these systems are interoperable and exchange data.

• *Is there a Land Parcel Identification System (LPIS) in place? What is the level of development? Is it used for area-based payments?*

In the reporting period, the Minagropolicy began to develop the necessary measures for the implementation of LPIS.

• *Is there a Farm Accountancy Data Network in place? What, if any, data at farm level is already collected. Is this used to develop policy? Has the process to transform it into Farm Sustainability Data Network started?*

The draft Law of Ukraine "On Amendments to the Law of Ukraine "On State Support of Agriculture of Ukraine" (regarding the organisational principles of support in the agricultural sector)", which is intended to ensure compliance with the EU FADN/FSDN norms, is undergoing internal approval procedures. Currently, information and recommendations on the implementation of the FADN/FSDN have been prepared for the Minagropolicy, regional authorities, agrarian and farmers' associations. Coordination meetings have been held with the State Statistic Service

of Ukraine and the Minagropolicy. The Ukrainian Research Institute of Agricultural Productivity has been provisionally selected as the FADN Liaison Agency to coordinate (with oblast departments) the use of surveys and economic/social analysis, and report to the Minagropolicy.

FADN has been established on a pilot basis in Poltava Oblast, based on a sample of farmers selected based on information provided by the State Statistical Service and about 50 farmers will be involved in the pilot project (1.2% of the total number of farmers in the region). The participation of farmers is voluntary. Data collected at farm level will be used to develop agriculture policy. Pilot results are expected to be known by the end of 2024. The Minagropolicy understands that the newly adopted FSDN regulation adapts the FADN regulation to allow the collection of additional data to achieve the objectives of CAP as well as those of the European Green Deal and its 'farm to fork' and biodiversity strategies. The functioning of the data network in Ukraine is planned to comply with the requirements of the FSDN regulations.

Poltava oblast was selected (in cooperation with the Minagropolicy as the site for the pilot FADN/FSDN project. Information meetings were attended by Poltava Department of AgriFood Development, Poltava State Agrarian University, Extension Services, NGOs, Poltava Department of the Ukrainian Research Institute of Agricultural Productivity and Poltava Statistic Department. The pilot is examining two options for comparing and processing data collection - by individuals, and digitally using the State Agrarian Registry - and determining the gaps and needs of the PR Agency. The Farm Return Form has been translated and clarified with the Minagropolicy (with VAT harmonisation ongoing). Planned activities include providing training for those engaged in the pilot project (farmers, statisticians, and administrators) followed by data collection, analysis, conclusions, and corrections to procedures. Data collection within FADN/FSDN will be a regular national activity once the law has been adopted.

• Please outline the different types of interventions to the agriculture sector (direct payments, rural development, any specific sector support). What percentage of the overall agriculture budget is for direct payments and for rural development? What is the percentage of decoupled area payments in total direct support?

The Minagropolicy is the main body in the system of central bodies of executive power, which ensures the formation and implementation of state policy in the field of organic production, circulation and labeling of organic products; formation and implementation of state policy in the field of safety and individual quality indicators of food products, quarantine and plant protection; formation and implementation of state policy in the field of veterinary medicine.

In accordance with the assigned tasks, the Minagropolicy carries out regulatory and legal regulation of issues within its competence.

In compliance with the requirements of the Regulations of the Cabinet of Ministers of Ukraine, approved by the Resolution of the Cabinet of Ministers of Ukraine dated July 18, 2007 No. 950 (as amended by the Resolution of the Cabinet of Ministers of Ukraine dated November 9, 2011 No. 1156), the Minagropolicy sends to the National Agency for the Prevention of Corruption drafts of normative legal acts of the Cabinet of Ministers of Ukraine with the aim of identifying in them factors that contribute or may contribute to the commission of corruption offenses.

The procedure for using the funds provided in the state budget for providing state support to agricultural commodity producers who use reclaimed land and water user organizations is approved by Resolution No. 1070 of the Cabinet of Ministers of Ukraine dated November 10, 2021 (as amended by Resolution No. 1110 of the Cabinet of Ministers of Ukraine dated October 20, 2023 "On making changes to the Procedure for the use of funds provided for in the state budget for providing state support to agricultural producers who use reclaimed land and water user organizations").

On July 1, 2022, the new government program "eRobota" started. The government grant program "eRobota" provides support for small and medium-sized businesses. Among its advantages is the opportunity for everyone who wants to create or develop their own business in the directions "Own business", "Own garden", "Own greenhouse", "New level".

In order to ensure the provision of grants to business entities, Resolution of the Cabinet of Ministers of Ukraine No. 738 of 21 June 2022 "Some issues of providing business grants" was adopted, which approved, in particular, the Procedure for providing grants for the creation or development of horticulture, berry growing and viticulture, the Procedure for providing grants for the creation or development of a greenhouse economy and the Procedure for providing grants for the creation or development of one's own business to participants in hostilities, persons with disabilities as a result of the war, and their family members.

The main manager of budget funds and the responsible executor of these budget programs is the Ministry of Economy of Ukraine.

Recipients of grants, in accordance with the conditions determined by the Procedure for providing grants for the creation or development of horticulture, berry growing and viticulture and the Procedure for providing grants for the creation or development of greenhouse farming (hereinafter referred to as the Procedures), have the right to be business entities - legal entities (except legal entities of the communal form of ownership and economic entities of the state sector of the economy), the ultimate beneficial owners of which are citizens of Ukraine, and natural persons - entrepreneurs - citizens of Ukraine, who conduct activities in the field of growing agricultural crops on lands for which ownership and/or use rights have been confirmed appropriate legal documents.

To receive a grant, the recipient submits an application, which is formed by the recipient in person or at an authorized bank branch using the Unified State Web Portal of Electronic Services.

Grants for the creation or development of horticulture, berry growing and viticulture are provided in the amount of no more than 70 percent of the cost of the planting project, but no more than 10,000,000 UAH in accordance with the amount per one hectare determined by the Regulations.

Grants for the creation or development of a greenhouse economy are provided for the construction of 1,000 modular greenhouses in the amount of no more than 70 percent of the cost of the modular greenhouse construction project, but no more than UAH 7.0 million, and on the condition that the difference between the cost of the construction project is financed by the recipient's funds (own and/or credit) modular greenhouse and the amount of the grant.

The maximum grant amount for gardens is UAH 10.0 million, for greenhouses - UAH 7.0 million.

The main condition for providing grant support is the creation of new permanent and seasonal jobs by the grant recipient.

The State Budget of Ukraine for 2024 provides UAH 1.370 billion under the program "Grants for business creation or development".

According to the information contained in the order of the Ministry of Economy of Ukraine No. 20598 of 29 December 2023 "On approval of the distribution of funds provided for in the state budget under the budget program of the KPKVK 1201350 "Grants for the creation or development of business" for 2024" the amount of budget allocations for 2024 for in the directions "Grants for the creation or development of horticulture, berry growing and viticulture" and "Grants for the creation or development of greenhouse farming" is UAH 479,500.0 thousand.

The specified amount is distributed as follows:

UAH 383,600.0 thousand for the provision of grants for the creation or development of horticulture, berry growing and viticulture;

UAH 95,900.0 thousand for the provision of grants for the creation or development of a greenhouse economy.

In accordance with the Procedures for the period from June 1, 2023 to March 31, 2024, the Minagropolicy adopted:

84 orders on the provision of grants for the creation or development of horticulture, berry growing and viticulture in the amount of UAH 365.2 million;

29 orders for the creation or development of greenhouses in the amount of UAH 135.5 million.

In accordance with the decisions on providing the grant, it is planned to create jobs in horticulture, berry growing and viticulture - 359 permanent, 11,995 seasonal, the area of plantations will be 1,173.5 hectares. It is planned to create 317 permanent and 156 seasonal jobs in the greenhouse economy, the area of the greenhouses will be 32.35 hectares.

For reference:

For the entire period of the program as of March 30, 2024, the Minagropolicy has signed:

- 163 orders on providing grants for gardens in the amount of UAH 702,594,947.00, - planting area - 2320.75 hectares;

- 42 orders on providing a grant for greenhouses in the amount of UAH 221,349,996.00, - the area of greenhouses is 53.21 hectares;

The total amount of positive orders (163 gardens + 42 greenhouses) amounted to UAH 923,944,943.00.

It is planned to create jobs according to the agreed grant orders:

- greenhouses – 641 permanent, 156 seasonal

- gardens – 733 permanent, 21,930 seasonal

Since the beginning of the program, a total of UAH 778,262,240.66 in grant funds has been paid to 177 economic entities.

For the development of horticulture, berry growing and viticulture, grants were paid to 141 economic entities in the amount of UAH 590,412,244.66, including 124 farms that received funds in full, of which:

in 2022, grant funds were paid for the development of horticulture, berry growing and viticulture in the amount of UAH 34,290,894.44;

in 2023, grant funds were paid for the development of horticulture, berry growing and viticulture in the amount of UAH 502,860,950.22;

in 2024, grant funds were paid for the development of horticulture, berry growing and viticulture in the amount of UAH 53,260,400.00.

For the development of greenhouse farming, funds were paid to 36 economic entities in the total amount of UAH 187,849,996.00. 36 greenhouse farms received the funds in full, including:

in 2022 in the amount of UAH 14,023,370.00.

in 2023 in the amount of UAH 153,826,626.00.

in 2024 in the amount of UAH 20,000,000.00.

• *Is there conditionality applied to payments linking receipt of financial support to compliance with basic standards concerning the environment, climate change, public health, plant health and animal welfare?*

The conditionality is not established in the above support programs.

• *Are there any agricultural support schemes in national strategies/programmes aimed at protecting the landscapes, valuable natural habitats, biodiversity and/or preventing the negative effects that inappropriate*

agricultural practices can have on natural resources?

No relevant developments during the reporting period.

• Is there a farm advisory system in place? Please provide an overview of the structure and scope of the system.

Order of the Cabinet of Ministers of Ukraine No. 1106 of 25 October 2017 "The Government's Action Plan for the Implementation of the Association Agreement" provides for the promotion of the development of an advisory system for agricultural producers. In accordance with the Law of Ukraine No. 2754-VI of 02.12.2010 "On Agricultural Advisory Activity", the Resolution of the Cabinet of Ministers of Ukraine No. 897 of 03.07.2006 "On Approval of Regulations on Registries of Agricultural Advisory Services, as well as Agricultural Advisors and Expert Advisors", the Minagropolicy is responsible for maintaining the Registry of Agricultural Advisors and Expert Advisors and the Registry of Agricultural Advisory Services.

Currently, there are 536 advisers and advisory experts listed in the Registry of Agricultural Advisors and Expert Advisors. Registry of Agricultural Advisory Services includes 35 business entities that have been issued a certificate for the right to provide agricultural advisory services. Certified advisers are most active in Vinnytsia, Dnipro, Lviv, Rivne, Odesa and Poltava regions.

The agriculture advisory services, agriculture advisors and expert-advisors are members of the pan-Ukrainian non-government organization "National Association of Agriculture Advisory Services of Ukraine" which was established on March 11, 2003. The objective of the Association is to improve the welfare/development of the rural population and agriculture producers by (a) increasing their knowledge and improving their practical skills, and (b) advocating and protecting the social, economic, professional, and other common interests of the Association members; see <https://www.dorada.org.ua/en>.

COMMON MARKET ORGANISATION (CMO)

• Outline what steps have been taken towards alignment with CMO Regulation (EU) 1308/2013. Has there been any developments as regards particular sectors in line with the CMO?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• What kind of market measures are used in the country (public/private storage, production quotas, etc.)? What is the degree of alignment to the EU market measures?

No relevant developments during the reporting period.

RURAL DEVELOPMENT/INSTRUMENT FOR PRE-ACCESSION ASSISTANCE FOR RURAL DEVELOPMENT (IPARD)

• *Is there a national strategy or a national programme for rural development. If yes, please outline its complementarity with IPARD (if you have an IPARD programme)?*

Resolution of the Cabinet of Ministers of Ukraine No. 995 of 23 September 2015 “The Concept on Rural Development” was approved (<https://zakon.rada.gov.ua/laws/show/995-2015-%D1%80#Text>).

Resolution of the Cabinet of Ministers of Ukraine No. 489 of 19 July 2017 “The Action Plan for the implementation of the Concept on Rural Development” was approved (<https://zakon.rada.gov.ua/laws/show/489-2017-%D1%80#Text>).

The draft Strategy envisages the approval of the rural development programme in the 2nd quarter of 2025.

The current situation in Ukraine will only allow for limited measures (which requires the strategy to be described as IPARD-Light).

A draft Strategy has been developed and undergone public discussion with main agricultural associations and National Academy of Agricultural Science. The public presentation is scheduled by mid May 2024.

• *Is the country planning to reflect the Green Deal objectives in the national strategy or in other national planning documents or programmes?*

The objectives of the common agricultural policy (CAP) and of the European Green Deal, as well as its 'Farm to Fork' and biodiversity strategies, are addressed in the Strategy.

• *IPARD (if relevant) – please outline the state of play (entrustment, accredited measures, absorption, institutional capacity).*

No relevant developments during the reporting period.

ORGANIC FARMING

• *Legislation, degree of alignment*

Currently, the Minagropolicy ensures the implementation of the legislation, in particular by maintaining registers in the field of organic production, circulation and labelling of organic products: The State Registry of Certification Bodies in the Field of Organic Production and Circulation of Organic Products and The State Registry of operators producing organic products under legal requirements in the field of organic production, circulation and labelling of organic products. Following the

successful completion of the accreditation in accordance with the procedure established by law, the first certification body was included by the Minagropolicy and Circulation of Organic Products in June 2024. This allowed us to start the process of certification of producers who produce organic products in compliance with the requirements of national legislation. In August 2024, the first 4 operators were included in the State Registry of Operators engaged in the production of products in accordance with the requirements of the legislation in the field of organic production, circulation and labelling of organic products. As of March 2024, about 180 operators were included in the said registry, of which about 150 operators are agricultural producers.

In September 2023, the first organic product labelled with the Ukrainian logo (tea) appeared on the market.

At the same time, during the reporting period, work was carried out to bring the current legislation in line with the updated EU organic legislation, namely EU Regulation 2018/848. The Minagropolicy plans to complete the preparation of the relevant draft law by the end of 2024.

● *Support schemes*

The mechanism of state support for organic producers is regulated at the legislative level.

The Law of Ukraine No. 2496-VIII of 10 July 2018 "On Basic Principles and Requirements for Organic Production, Circulation and Labelling of Organic Products" provides for state support to organic producers under national programmes at the expense and within the limits of expenditures under budget programmes aimed at supporting the development of agricultural producers.

The Law of Ukraine "On State Support of Agriculture of Ukraine" defines the areas of state support for organic producers, namely

- allocation of budget subsidies per unit of cultivated land and/or per head of cattle;

- reimbursement of up to 30 per cent of the cost of certification of organic production;

- reimbursement of up to 30 per cent of the cost of purchasing permitted plant protection products and fertilisers, seeds, planting material and feed.

At the same time, due to the full-scale russian invasion into Ukraine and the allocation of funds for the defence of the state, state support in these areas was not provided.

● *Control and certification system (competent authority, accreditation system, certification system)*

The production and circulation of organic products in Ukraine is certified both

in accordance with Ukrainian legislation (since 2023) and in accordance with foreign standards, mainly those of the EU and the US. In 2023, 8 foreign certification bodies informed the Minagropolicy that they had certified organic production and circulation of organic products in Ukraine.

The State control (supervision) in the field of organic production, circulation and labelling of organic products is entrusted to the State Service of Ukraine on Food Safety and Consumer Protection (the competent authority).

In order to ensure that the State Service of Ukraine on Food Safety and Consumer Protection exercises its authority to carry out state control (supervision) in the field of organic production, circulation and labelling of organic products over the activities of operators and certification bodies, regulatory acts have been adopted that approve the criteria for assessing risks from activities in the field of organic production and approve the forms of acts for carrying out state control measures in this area.

State control (supervision) in the field of organic production, circulation and labelling of organic products is carried out through scheduled and unscheduled measures:

- inspections of products labelled as organic on the market;
- inspections of certification bodies;
- spot checks of operators' activities.

The main requirement for a certification body that carries out certification activities in accordance with the requirements of national legislation is accreditation in accordance with the standard DSTU EN ISO/IEC 17065:2019 "Conformity assessment. Requirements for certification bodies for products, processes and services"

● ***What statistical information is collected? Is this data readily availability?***

The Minagropolicy collects data on the area of land under organic production in Ukraine and the number of organic market operators. The monitoring is carried out once a year by collecting information from foreign certification bodies that have certified organic production and circulation of organic products in Ukraine according to standards equivalent to Council Regulation (EC) No 834/2007 and NOP (USA).

The Minagropolicy provides generalised information on the current state of the organic market in Ukraine, received from foreign certification bodies, to the Research Institute of Organic Agriculture (FIBL) for the purpose of summarising and compiling global statistics.

At the same time, the source of data on the number of operators engaged in the production and circulation of organic products in accordance with the requirements of Ukrainian legislation is the State Registry of Certification Bodies in the Field of

QUALITY POLICY

• *What legislation is in place? Explain the degree of alignment.*

The Law of Ukraine No. 752-XIV of 16 June 1999 “On the legal protection of geographical indications” (<https://zakon.rada.gov.ua/laws/show/752-14>) is fully aligned with Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. The bylaws have been partially approved.

The Law of Ukraine No. 2572-IX of 6 September 2022 “On the peculiarities of legal protection of geographical indications for agricultural products and food products, protection of rights and application of quality schemes, including traditional specialities guaranteed for agricultural products and food products” (<https://zakon.rada.gov.ua/laws/show/2572-20#Text>) is fully aligned with Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs. The bylaws have been partially approved.

The Law of Ukraine No. 2800-IX of 1 December 2022 “On geographical indications for spirit drinks” (<https://zakon.rada.gov.ua/laws/show/2800-20>) is fully aligned with Regulation (EU) 2019/787 of the European Parliament and of the Council of 17 April 2019 on the definition, description, presentation and labelling of spirit drinks, the use of the names of spirit drinks in the presentation and labelling of other foodstuffs, the protection of geographical indications for spirit drinks, the use of ethyl alcohol and distillates of agricultural origin in alcoholic beverages, and repealing Regulation (EC) No 110/2008. The bylaws are in the process of being drafted.

On 9 August 2023, the Verkhovna Rada of Ukraine adopted the Draft Law of Ukraine "On Grapes and Viticulture Products" (Reg. No. 9139 of 22.03. 2023), which provides for the creation of a unified state information system "Viticulture and Wine Registry", which will include information on: grape producers; producers of wine products; vineyards; mandatory declarations and other data on wine products provided for by this Law, the entry of which is mandatory, and will ensure effective administration.

The State Service of Ukraine on Food Safety and Consumer Protection in accordance with the Procedure for issuing or issuance refusal, reissuing, canceling confirmation for introduction into Ukraine and export from Ukraine of samples of seeds and planting material of plant varieties and control over their use, and repealing the Resolution of the Cabinet of Ministers of Ukraine No. 691 of 5 October 2016, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 917 of 25 August 2023 (hereinafter - the Procedure) considered 134 applications for the issuance of confirmations for the import of seed samples and planting material of plant varieties into Ukraine, not included into the State Registry of plant varieties

suitable for distribution in Ukraine, for selection, experimental works and display and export from Ukraine of samples of seeds and planting material of plant varieties not included into the State Registry of plant varieties suitable for distribution in Ukraine for 277,285 seed samples and 197 pieces of planting material. According to the results of the examination of applications, 134 confirmations were issued for 277,285 samples of seeds and planting material of plant varieties, with a total weight of 35,290.60,954 kg and 197 pieces of planting material.

In accordance with Article 20 of the Law of Ukraine No. 411-IV of 26 December 2002 "On Seeds and Planting Material", confirmations or decisions on justified refusal to issue confirmations are entered into the unified state information web portal "Single window for international trade" in the form of electronic documents, on the day of their issuance or decision-making . Along with this, in accordance with the Procedure, 5 acts were drawn up on the use of samples of seeds and planting material of plant varieties not included in the State Registry of plant varieties suitable for distribution in Ukraine, which were imported into Ukraine for selection, research work and display as of April 1, 2024 for 294.3 kg of samples with a total area of 39,565.5 m².

• *Is there a framework (policy, institutions) in place for the recognition and protection of geographical indications for agricultural products and foodstuffs, wine and spirit drinks and for traditional specialty guaranteed for agricultural products? Please provide details indicating the responsible institutions.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Whilst policy and institutions are in place, the certification authorities still need to be established. The legal framework has been established and is functioning. Policy includes recognition and protection of GIs and traditional specialties guaranteed (TSG) on national level using the *sui generis* system, as well as recognition and protection of GIs according to international agreements (such as the EU-UA Association agreement and bilateral agreement with Georgia). Summary details are given below.

Direction	Responsible authority	Details
Recognition of GIs for agricultural products and foodstuffs, wine, and spirit drinks (approval of specification)	Minagropolicy	Minagro.gov.ua
Protection of GIs for agricultural products and foodstuffs, wine, and	Ukrainian National Office of Intellectual Property and	Nipo.gov.ua

spirit drinks (registration)	Innovations	
Recognition and protection of traditional specialty guaranteed for agricultural products (approval of specifications, registration)	Minagropolicy	Minagro.gov.ua
Protection of GIs and TSG after registration (certification of GIs and TSG)	Certification authorities of all legal forms – legal framework in place, but there are no accredited certification authorities yet.	
Control over all points above	State Service of Ukraine on Food Safety and Consumer protection	https://dpss.gov.ua/

In pursuance of Law of Ukraine “On the peculiarities of legal protection of geographical indications for agricultural products and food products, protection of rights and application of quality schemes, including traditional specialities guaranteed for agricultural products and food products” No. 2572 of 6 September 2022, for the period from 15 June 2023 to 31 March 2024, the following were adopted:

- Resolution of the Cabinet of Ministers of Ukraine No. 334 of 26 March 2024 "On Approval of the Procedure for Payment of the Fee for Filing an Objection to the Registration of a Traditional Guaranteed Feature";

Orders of the Minagropolicy:

- No. 1293 of 19.06.2023 "On Approval of the Application Form for Entering Information on an Enterprise, Institution, Organisation or their Subdivision in the Registry of Certification Bodies in the Field of Geographical Indications or Traditional Guaranteed Features", registered with the Ministry of Justice of Ukraine on 05.07.2023 under No. 1146/40202;

- No. 1614 "On Approval of the Procedure for Maintaining the Registry of Traditional Guaranteed Features" dated 31.08.2023, registered with the Ministry of Justice of Ukraine on 15.09.2023 under No. 1625/40681;

- No. 1616 of 31.08.2023 "On Entering Information into the Registry of Certification Bodies in the Field of Geographical Indications or Traditional

Guaranteed Features";

- No. 1632 dated 06.09.2023 "On Approval of the Procedure for Preparing and Submitting an Application for Registration of a Traditional Guaranteed Feature, the Rules for Consideration of an Application for Registration of a Traditional Guaranteed Feature, the Requirements for an Objection to the Registration of a Traditional Guaranteed Feature, the Procedure for its Submission and Consideration and the Application Form for Registration of a Traditional Guaranteed Feature", registered with the Ministry of Justice on 31.10.2023 under No. 1893/40949;

No. 2036 of 24.11.2023 "On Approval of the Requirements for Drawing up and Submitting an Application for the Application of a Special Quality Indicator", registered with the Ministry of Justice on 08.12.2023 under No. 2147/41203;

- No. 2084 of 30.11.2023 "On the Establishment of an Expert Commission for the Study and Approval of Product Specifications, Applications for Registration of Traditional Guaranteed Features";

- No. 2150 dated 12.12.2023 "On Approval of the Procedure for Processing, Submission and Consideration of an Application for the Start of Use of a Quality Scheme" registered with the Ministry of Justice on 27.12.2023 under No. 2268/41324.

• *Is there a publicly available register(s) of protected geographical indications? Please provide link(s).*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Information on anti-corruption mainstreaming

Chapter 11 – Agriculture: consider risks in contracts or licenses for agricultural supplies, corruption in inspections/provision of product standards and certification, in licensing and permits for transportation, storage.

The Anti-Corruption Programme of the Minagropolicy for 2023-2025 has been developed in accordance with the Constitution of Ukraine, part one of Article 19 of the Law of Ukraine No. 1700-VII of 14 October 2014 "On Prevention of Corruption", the Law of Ukraine No. 2322-1X of 20 June 2022 "The Anti-Corruption Strategy for 2021-2025", the State Anti-Corruption Programme for 2023-2025 approved by the Resolution of the Cabinet of Ministers of Ukraine No. 220 of 04 March 2023, the Methodology for Corruption Risk Management, approved by the Order of the National Agency for the Prevention of Corruption No. 830/21 of 28 December 2021, registered with the Ministry of Justice of Ukraine No. 219/37555 of 17 February 2022, the Procedure for Submission of Anti-Corruption Programmes, Amendments to Them for Approval to the National Agency for the

Prevention of Corruption and their Approval, approved by the Order of the National Agency for the Prevention of Corruption No. 830/21 of 28 December 2021, registered with the Ministry of Justice of Ukraine No. 220/37556 of 17 February 2022.

The principles and guidelines of the general departmental policy of the Minagropolicy in the field of prevention and detection of corruption are aimed at:

achievement of an appropriate level of performance by the Minagropolicy of its functions in the public interest by establishing an effective system of preventing and combating corruption;

taking measures to implement the principles of the anti-corruption policy of the Minagropolicy, as well as measures to implement the anti-corruption strategy and the state programme for its implementation adopted for the respective period;

complete rejection and intolerance of corruption in any of its manifestations in the Minagropolicy;

wide public involvement in the processes of monitoring compliance with the requirements of the current legislation of Ukraine, analysis of the performance of functions and tasks assigned to the Minagropolicy, in order to ensure openness and transparency as a prerequisite for proper public access to information and results of the Ministry's activities;

unconditional and inevitable implementation of anti-corruption legislation in the activities of the Minagropolicy.

The purpose of the development, adoption and approval of the anti-corruption programme is to eliminate (minimise) corruption risks in the activities of the Minagropolicy.

Based on the results of the assessment of corruption risks and public discussion of the relevant draft programme, the Anti-Corruption Programme of the Minagropolicy for 2023-2025 was approved by the Order of the Minagropolicy No. 1719 of 27 September 2023 "On Approval of the Anti-Corruption Programme" and published on the official website of the Minagropolicy.

By the State Service of Ukraine on Food Safety and Consumer Protection in compliance with the requirements of Article 19 of the Law of Ukraine "On Prevention of Corruption" and guided by the letter of the National Agency for the Prevention of Corruption dated November 24, 2022 No. 22-03/24055-22, regarding the entry into force of the Anti-Corruption programs of subjects since the adoption of the relevant administrative documents on their approval for the period of martial law, the Anti-corruption program of SSUFSCP for the years 2024-2026 was adopted, which was approved by the order of SSUFSCP of March 20, 2024 No. 167.

Based on the results of the evaluation, on the basis of the collected and documented information, corruption risks were identified, including in the areas of safety and individual quality indicators of food products, quarantine and plant protection in which the State Production and Consumer Service implements state

policy, which included the following:

- The likelihood of dishonesty by officials of SSUFSCP and its territorial bodies in order to satisfy their private interests and the interests of third parties during planned measures of state supervision (control) of compliance with the legislation on food products, feed, by-products of animal origin, health and the well-being of animals in terms of failure to reflect the real state of detected violations of legislation in the act of inspection;

- The likelihood of dishonesty by officials of SSUFSCP and its territorial bodies in order to satisfy their private interests and the interests of third parties when making a decision on the need to carry out measures of unscheduled state supervision (control) of compliance with the legislation on food products, feed, by-products of animal origin, animal health and welfare;

- The probability of dishonesty among officials of SSUFSCP, its territorial bodies, in order to satisfy their private interests and the interests of third parties when issuing certificates;

- The probability of dishonesty among officials of SSUFSCP, its territorial bodies, in order to satisfy their private interests and the interests of third parties when issuing quarantine certificates;

- The probability of dishonesty among officials of the territorial bodies of SSUFSCP in order to satisfy their private interests and the interests of third parties when conducting inspection activities regarding the compliance by business entities with the requirements of the Phytosanitary Rules.

The anti-corruption program of SSUFSCP for 2024-2026 in order to minimize the aforementioned corruption risks approved the measures to influence them, the stages of their implementation with the determination of deadlines and responsible executors.

With the aim of eliminating (minimizing) corruption risks in the activities of the State Service of Ukraine on Food Safety and Consumer Protection (SSUFSCP), the Anti-Corruption Program of the SSUFSCP for the 2024-2026 was approved by Order No. 167 of March 20, 2024.

The main tasks of the anti-corruption program:

- establishing the probability of committing corruption and corruption-related offenses by employees of the SSUFSCP;

- establishing the reasons, conditions and consequences of the possible commission of such offenses;

- improvement of the system of preventing and countering corruption in the SSUFSCP;

- analysis of the effectiveness of existing control measures aimed at preventing the implementation of corruption risks.

Based on the results of the corruption risk assessment, the following corruption-

vulnerable functions of the SSUFSCP were identified:

- implementation of state control measures by officials;
- issuance of veterinary documents, phytosanitary certificates, operating permits and other permit documents by officials of the SSUFSCP;
- activity licensing (veterinary practice and production of veterinary drugs);
- conducting examination and issuing documents (certificates) that give the right to carry out certain activities (if such a requirement is established by law) based on their results,;
- registration of tractors and other agricultural machinery, as well as issuance of a certificate of registration of such machinery;
- keeping state registers.

In order to eliminate the identified corruption risks, the following priority measures have been defined:

- personnel management (improving the personnel selection procedure, analyzing the results of the evaluation of officials, ensuring the rotation of officials);
- providing officials with means of photo and video recording in real time during the implementation of official measures of state control;
- improvement of regulatory and legal support (removal of discretionary provisions relating to the powers of officials)
- separation of powers and subordination of the system of laboratories and officials carrying out state control in order to minimize the conflict of interests during decision-making;
- digitization of processes during the implementation of state control measures and decision-making regarding the issuance of documents and permits (veterinary documents, phytosanitary certificates, operational permits, laboratory reports, and others);
- raising the appropriate level of wages for employees of the SSUFSCP;
- improving cooperation and interaction with law enforcement agencies, including when detecting facts of violations of the law by market operators, in particular adulteration of food products.

In order to monitor the implementation of measures to influence corruption risks on a systematic basis, it is envisaged to carry out:

- relevant information and explanatory work among officials of the SSUFSCP, who carry out state control and other official measures;
- inspections of territorial bodies of the SSUFSCP on issues of compliance with legal requirements.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ finalise its national strategy for agriculture and rural development for 2023-2030 complementing the sector recovery action plan, and start implementing it

Relevant information was provided as a part of answers for the question «*Is there a national strategy or a national programme for rural development. If yes, please outline its complementarity with IPARD (if you have an IPARD programme)*».

→ continue aligning its legislation with the EU acquis on agriculture and rural development focusing on the requirements stemming from the Association Agreement and strengthen the administrative capacity for evidence-based policy development

In order to bring the procedure for issuing a qualification certificate of an agricultural advisor and an agricultural expert advisor through the administrative service center of the Minagropolicy in line with the legislation, Order No. 1301 of 21.06.2023 "On Amendments to the Regulation on the Qualification Certificate of an Agricultural Advisor and an Agricultural Expert Advisor and the Regulations of the Regional Qualification Commission for Verification of the Level of Knowledge and Practical Skills of Agricultural Advisors and Agricultural Expert-Advisors and the Appeal Commission", registered with the Ministry of Justice on 06.07.2023 under No. 1149/4205.

Order of the Minagropolicy No. 989 of 28 March 2024 approved the Action Plan for the introduction of a system of information and methodological support for the organisation of agricultural advisory activities and identified the responsible parties for its implementation, including the Minagropolicy, structural units for agro-industrial development of regional military administrations, the National Academy of Agrarian Sciences of Ukraine, relevant public NGOs and associations, etc.

Paragraph 8 of the above Action Plan provides, inter alia, for the launch of the Agricultural Knowledge and Innovation System (AKIS), increasing the facilitating role of agricultural advisers in the processes of knowledge exchange and dissemination, improving access of agricultural producers to modern knowledge, innovations, information and digital solutions by:

preparation and implementation of a roadmap for the implementation of AKIS;
development of possible AKIS models and their implementation at the level of

pilot regions;

development of methodological recommendations and a training course on the activities and interaction of AKIS actors;

training of agricultural advisers as AKIS facilitators.

At the same time, it should be noted that agricultural advisory services, agricultural advisers and expert advisers are members of the All-Ukrainian Public Association "National Association of Agricultural Advisory Services of Ukraine", which was established on 11 March 2003.

The purpose of the Association is to improve the welfare/development of the rural population and agricultural producers by increasing their knowledge and improving their practical skills, as well as protecting the social, economic, professional and other common interests of the Association members (see <https://www.dorada.org.ua/en>).

The Minagropolicy adopted the Order No. 391 of 14 February 2024 "On Approval of the Requirements for Fruit Jams, Jellies, Marmalades and Sweetened Chestnut Puree" was adopted, registered with the Ministry of Justice on 29 February 2024 under No. 304/41649 .

→ monitor and extend the registration of farms in the State Agrarian Registry and systematically use it for all financial support programmes, take preparatory steps for establishing an EU-compliant paying agency and farm accountancy data network

State Agrarian Registry (SAR)

Over 141,000 agricultural producers have been registered with the State Agrarian Registry since August 2022.

As of 15 June 2023 to 31 March 2024, more than 9,293 agricultural producers were registered in the SAR, including

legal entities - 5,111;

individual entrepreneurs - 2,597;

individuals - 1,585.

The accessibility of use of the SAR should be noted, including the absence of the need to obtain any paper documents for registration and application for state support, support from local budgets, international technical assistance or other assistance to agricultural producers of any type of support (hereinafter - support programmes).

Thus, after electronic registration, a personal electronic cabinet is created for agricultural producers by the software tools for maintaining the SAR, which automatically uploads information on the economic activities of such a producer, as

well as data from other state registries, in particular, information from the Unified State Registry of Legal Entities and Individual Entrepreneurs, the State Land Cadastre, the State Registry of Property Rights, the Unified State Registry of Pets, etc.

Thus, agricultural producers, using only a qualified electronic signature during registration, will be able to access information on support programmes in real time, as well as apply for it in a convenient online mode from home or office and check information about their activities, land plots, pets, etc. in their personal electronic account.

In the period from 15 June 2023 to 31 March 2024, 47 support programmes for agricultural producers were launched through the software tools of the SAR.

Agricultural producers who registered with the SAR were able to apply for the following types of support, in particular:

- subsidies for the construction and/or reconstruction of the system to increase revenues from the cost of irrigation equipment and pumping equipment for domestic irrigation production;
- subsidies for the construction and/or reconstruction of a drip irrigation system at the expense of the cost of drip irrigation equipment and pumping equipment of domestic production;
- subsidies for the construction and/or reconstruction of a system to increase sprinkling excluding the cost of irrigation machinery and equipment;
- distribution of seeds to small farmers in 23 war-affected regions.

At the same time, in order to implement the point 122 of the Action plan for the implementation of the recommendations of the European Commission, presented in the Report on the progress of Ukraine within the framework of the 2023 European Union enlargement package, approved by the Order of the Cabinet of Ministers of Ukraine No. 133 of 9 February 2024, the Minagropolicy developed a draft Law of Ukraine "On the State Agrarian Registry", the provisions of which provide for the improvement of the functioning of the SAR as a single automated, efficient and transparent platform for providing state support, support at the expense of local budgets, international technical assistance, grants in agriculture or other assistance, to expand the range of SAR users for transparent provision of support not only to producers of agricultural products, but also to organizations of water users, subjects of the agro-industrial complex, domestic machine-building enterprises for the agro-industrial complex.

The specified draft Law was registered in the Verkhovna Rada of Ukraine on March 4, 2024 under No. 11063.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

**CLUSTER 5: Resources,
Agriculture and Cohesion**

**CHAPTER 12 – Food Safety,
Veterinary and Phytosanitary
Policy**

ЄШУА

УКРАЇНА

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ЄВРОПА

Answers to the Guiding Questions

• *Please describe the structure, organisation, competencies and resource allocation of the administration in charge of food safety, veterinary and phytosanitary policy at central, regional and local level (and the links between them) including the current and planned resources allocated to each sector, as well as the legislative competences and the relevant authorities responsible for the inspection, control and enforcement activities including for laboratories (network of laboratories and the national reference laboratories) used in hygiene, veterinary and phytosanitary controls.*

The information provided by Ukraine regarding the structure of the State Service of Ukraine on Food Safety and Consumer Protection (SSUFSCP) as part of the 2023 Enlargement Package remains relevant.

Currently, the structure of SSUFSCP is being revised. Namely: instead of the Sector for Risk Assessment (number of 2 people according to the staff list) there is a Department of Risk Assessment (number of 4 people) in the new structure as a part of the Department of Risk Assessment and Planning of State Control (Supervision) Measures. Herewith, a new structure, the Department of Institutional Coordination, was introduced in Order to coordinate the reform of the laboratory network of SSUFSCP.

During the reporting period, the Concept of reforming the network of state testing laboratories of the SSUFSCP was developed, which provides for the model of building two networks of state testing laboratories of the SSUFSCP (conditionally veterinary and food and phytosanitary), as well as subordinating them directly to the central apparatus of the SSUFSCP, changing the funding system (transition to direct funding of the SSUFSCP) and the procedure for appointing the director of the laboratory by the Head of the SSUFSCP is regulated.

In addition, in the new structure of the SSUFSCP, a department for coordinating the activities of institutions (laboratories) and national reference laboratories was created. Specialized laboratory networks will also be formed, according to certain areas of research, the service area of such a laboratory will be the territory of several regions.

Currently, the ability of the laboratory network of the State Production and Consumer Service to carry out fast and high-quality research within the framework of state control, monitoring research, control of exported and imported products of animal and plant origin, feed by studying the professional potential of laboratories, their equipment, the availability of high-precision equipment and production capacities in the regions in Order to approach laboratory diagnostics to European standards.

Currently, the structure of SSUFSCP is being revised. Namely: instead of the Sector for Risk Assessment (number of 2 people according to the staff list) there is

a Department of Risk Assessment (number of 4 people) in the new structure as a part of the Department of Risk Assessment and Planning of State Control (Supervision) Measures.

Herewith, a new structure, the Department of Institutional Coordination, was introduced in Order to coordinate the reform of the laboratory network of SSUFSCP.

• *General food and feed Law Regulation (EC) 178/2002: Please describe to what extent alignment with the principles and obligations covering all stages of food/feed production and distribution, and to what extent traceability requirements for all food and feed, as well as related business operators are compulsory.*

The Law of Ukraine dated June 30, 2023 No. 3221-IX "On Amendments to Certain Laws of Ukraine Regarding the Improvement of State Regulation of Food Security and Development of Animal Husbandry" was adopted, which was due to the need to eliminate inconsistencies with the legislation of the European Union and to improve current legislation in the field of food safety and quality, selection of farm animals, feed, animal health and welfare. The specified Law, in particular:

- harmonises legislation of Ukraine and aligns it with the EU legislation in terms of organisational and legal basis of state registration of the use of claims regarding reduced risk of diseases, indication of mandatory information about foodstuffs for the consumer;

- provides definition of concepts "craft food", "quick-frozen food", "novel food", and establishes specific requirements for the labelling and sale of such foodstuffs;

- introduces the provisions of international standards ISO/TS 19657:2017 on criteria for natural food ingredients and ISO 23662:2021 on criteria for food and food ingredients suitable for vegetarians or vegans;

- improves and aligns the provisions regarding issues of state registration of food additives, food enzymes and food flavourings in Ukraine with the requirements of EU legislation.

• *Please indicate to what extent the legal framework currently in force is aligned with the Official Controls Regulation (OCR) - Regulation (EU) 2017/625 and its delegated and implementing acts. To which extent there is an integrated control system in place throughout the whole agri-food chain? Does the country have a multiannual national control plan in place? Does the country implement a risk-based approach for official controls?*

Adopted:

- the Minagropolicy Order No 1503 of 08 August 2023 "On adoption of model acts drawn up by the results of the performance of planned (non-planned) measures

of state control (inspection) of the compliance by business operators with the requirements of legislation on food, feed, animal by-products, animal health and welfare, and of other model administrative documents”. The Order aligns model act drawn up by the results of the performance of a planned (non-planned) measure of state control (inspection) of business operator compliance by with the requirements of food Law and model act drawn up by the results of the performance of a planned (non-planned) measure of state control (inspection) of business operator compliance with the requirements of feed Law, which are used by state inspectors and state veterinary inspectors during inspection, with changes in legislation, specifically as regards:

- requirements for ensuring traceability;
- specific requirements for baby foods;
- requirements for the sale of organic produce;
- hygiene requirements for small-scale production and circulation of milk;
- hygiene requirements for quick-frozen foodstuffs intended for human consumption;
- requirements for identification mark and the procedure for its application;
- hygiene requirements for the production and circulation of foodstuffs of animal origin;
- requirements for specific quality parameters of poultry meat;
- the Minagropolicy Order No. 1623 of 04 September 2023 “On amendments to the Order of the MoAPFU No. 490 of 11 October 2018” laying down the sampling procedure for quick-frozen foodstuffs intended for human consumption;
- the CMU Resolution No. 27 of 12 January 2024 “On adoption of the procedure for the issuance, rejection of issuance, revocation, suspension, re-issuance and renewal of operating permits, and the model operating permit, and repealing certain Resolutions of the Cabinet of Ministers of Ukraine” (based on Regulations (EU) No. 2017/625, 852/2004, 853/2004);
- the Minagropolicy Order No. 431 of 15 February 2024 “On adoption of the procedure for state registration of facilities and the procedure for the maintenance of state register of business operators and their facilities” (based on Regulations (EU) No. 2017/625, 852/2004, 853/2004).

In Order to fully implement Regulation (EU) 2017/625 and bring the national system of control over compliance with legislation in the field of sanitary and phytosanitary measures into compliance with current EU legislation, the Minagropolicy, with the participation of the EU Project "Improvement of legislation, control and awareness in food safety, health and welfare of animals in Ukraine", is developing the draft Law of Ukraine “On state control of the compliance with legislation on sanitary and phytosanitary measures”. The experts of the Swiss-Ukrainian programme "Higher Value Added Trade from the Organic and the Dairy

Sector in Ukraine ", industry associations, public associations and other central executive bodies are also involved in the work on the drafting of this Law.

In accordance with the Action Plan for the implementation of recommendations of the European Commission presented in the Report on Ukraine's progress within the framework of the 2023 European Union Enlargement Package, approved by resolution of the Cabinet of Ministers of Ukraine No. 133-r of 9 February 2024, the deadline for the implementation of measure on the preparation of the draft Law of Ukraine "On state control of the compliance with legislation on sanitary and phytosanitary measures" is December 2024.

In order to get closer to European practices in terms of IMCOS, a number of measures have been taken to implement electronic certification of cargo using the EU information and communication system for cargo tracking and control TRACES NT.

Starting from January 15, 2024, the practice of cargo certification through TRACES NT is used in all regions of Ukraine, while the list of certificate forms adapted for registration through TRACES has been expanded (a total of 12 forms).

648 users from the competent authority are connected to the TRACES system.

From January 2024, SSUFSCP has passed the appropriate verification and received the right to use an electronic seal when issuing certificates in TRACES NT.

In total, starting from July 2023 (the start of the pilot project), 18,102 certificates have been registered in the TRACES system.

Work on expanding the list of cargoes available for certification through the TRACES system continues.

Pursuant to the first part of Article 24 of the Law of Ukraine "On state control over compliance with the legislation on food products, feed, by-products of animal origin, animal health and welfare", the competent body has developed and organized the implementation of a long-term state control plan (MANCP).

The long-term plan of state control in certain areas of state control, the implementation of which falls under the competence of the State Production and Consumer Service, for the years 2022–2026, was approved by the Order of the Ministry of Economy of Ukraine No. 10-22 of 5 January 2022.

Implementation of the long-term state control plan (MANCP) is ensured by drawing up, approving and implementing annual state control plans, evaluating their implementation, as well as by planning and implementing measures to eliminate identified deficiencies.

Every year, the competent authority reports to the Cabinet of Ministers of Ukraine on the state of implementation of the long-term and annual state control plans for the previous year and publishes the report on its official website no later than March 1 following the reporting year.

Currently, the competent body has prepared and submitted to the Cabinet of

Ministers of Ukraine 2 reports on the state of implementation of long-term and annual state control plans for 2022 and 2023.

VETERINARY POLICY

● *Please provide information on legislative alignment with the requirements of Regulation (EU) 2016/429 on transmissible animal diseases (Animal Health Law) as well as with its related delegated and implementing acts. Please describe to what extent the country has in place the main elements for the veterinary services in terms of chain of command, number of staff services at both regional and local level, including laboratories. Elaborate on the surveillance system in place for animal diseases.*

In Order to bring national legislation of Ukraine closer to the requirements of Regulation (EU) 2016/429 on transmissible animal diseases (Law on Animal Health), the following acts have been issued:

- Order of the Minagropolicy "On approval of certain regulatory acts on the circulation of veterinary medicinal products" No. 1397 of 20 July 2023 , registered in the Ministry of Justice of Ukraine on 17 August 2023 under No. 1423/40479;

- Order of the Minagropolicy "On approval of the requirements of good sale practice for active substances of veterinary preparations" No. 1843 of 20 October 2023, registered in the Ministry of Justice of Ukraine on 14 December 2023 under No. 2176/41232;

- Order of the Minagropolicy "On approval of the Instructions for the prevention and control of transmissible spongiform encephalopathies" No. 699 of 7 March 2024, registered in the Ministry of Justice of Ukraine on 26 March 2024 under No. 450/41795.

● *Please describe the legislative framework as well as progress with implementation of official controls on consignments of live animals and food of animal origin and other good subject to veterinary controls at border inspection posts (BIPs).*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Please describe the legislative framework as well as progress on the identification and registration of animals and registration of their movements. Please elaborate on the reliability of databases for animals and holdings.*

In Ukraine, since 2012, an electronic database on identified animals, their owners/keepers, farms, movement, slaughter, disposal, death, death of such animals - the Unified State Register of Animals (Unified State Register of Animals) has been in operation.

Currently, the Competent Authority is working on improving the functionality of the Unified State Register of Animals. This will allow local market operators to register animals, submit data on the departure/arrival of animals from/to the farm, register information on animal slaughter, review and create reports on the circulation of animals in their own farm; integration of EDRT with other information systems of SSUFSCP, by developing new tools for convenient integration with other systems.

To ensure identification and registration of pet animals, as well as to ensure control over their movement, the Resolution of CMU "On the implementation of an experimental project on the identification and/or registration of pet animals" No. 1171 of 3 November 2023, was adopted.

• Please describe legislative framework and progress made on control measures for animal diseases. Notably provide information on rules for surveillance, eradication programmes, disease-free status. Please describe progress on prevention and control rules for the following diseases: avian influenza, African swine fever, brucellosis and rabies.

In Order to ensure the implementation of efficient anti-epizootic measures, the Resolution of CMU "On Amendments to the Procedures Adopted by Resolutions of the Cabinet of Ministers of Ukraine No. 413 of April 23, 2008 and No. 1003 of October 31, 2012, and repealing certain resolutions of the Cabinet of Ministers of Ukraine" No. 616 of 19 June 2023, was adopted.

In Order to bring national legislation of Ukraine closer to the requirements of Regulation (EU) 2016/429 on transmissible animal diseases (Law on Animal Health), the Minagropolicy Order "On adoption of the Instructions for the prevention and control of transmissible spongiform encephalopathies" No. 699 of 7 March 2024, was issued and registered in the Ministry of Justice of Ukraine on 26 March 2024 under No. 450/41795.

The Order of the SSUFSCP "On approval of programs for determining the veterinary and sanitary status of territories with regard to bee diseases" No. 199 of 02 April 2024, approved the Program for determining the veterinary and sanitary status of the country, region, zone with regard to American rot, the Program for determining of the veterinary-sanitary status of the country, region, zone regarding European rot, the Program for determining the veterinary-sanitary status of the country, region, zone regarding varotosis (varoosis) (hereinafter - the Programs).

The programs are developed in accordance with the legislation of Ukraine in the field of veterinary medicine, the legislation of the European Union in the field of animal health and welfare, and the recommendations of the World Organization for Animal Health.

The program envisages a unified approach to the implementation of veterinary and sanitary measures in apiaries by specialists of SSUFSCP and the participation of beekeepers in the system of early warning (detection) of bee diseases.

• Please describe legislative framework and progress made on the implementation of non-commercial movements of pet animals (in terms of main elements and structures for controlling it).

According to Chapter 24 of Section II of the Requirements for the importation of live animals and their reproductive material into the customs territory of Ukraine that are approved by the Minagropolicy Order No. 553, the Requirements for the importation of domestic animals intended for non-commercial movement into the customs territory of Ukraine, which comply with the provisions of Regulation (EU) No. 576/2013, in terms of requirements to marking/identification, vaccination against rabies, availability of the appropriate passport form for pets.

The competent body of Ukraine, which implements the state policy in the field of veterinary medicine, conducts constant information and explanatory work regarding the requirements for the non-commercial movement of domestic animals across the state border of Ukraine, in terms of compliance with the requirements of the legislation of Ukraine, the EU and other countries. Such work is focused on placing information on the official website, developing infographics, communicating with other state bodies involved in the process of transporting animals, as well as carriers.

In cases of issuing an international veterinary certificate for the export of a domestic animal outside the territory of Ukraine, confirmation of the issuance of the certificate by a laboratory appointed by the EU is controlled.

• Please describe legislative framework and progress made on animal welfare, notably during transportation, penalties in case of non-compliance and public education and awareness in relation to the animal welfare protection.

Article 41 of the Law of Ukraine No. 1206-IX of 4 February 2021 "On Veterinary Medicine" establishes general requirements for ensuring animal welfare during their transport.

Detailed requirements for animal welfare during their transport are regulated by the Resolution of the Cabinet of Ministers of Ukraine No. 1402 of 16 November 2011 "On Approval of the Rules for Animal Transportation", which to a large extent (by 90%) corresponds to the provisions of Council Regulation (EC) No. 1/2005 of 22 December 2004 on the protection of animals during transport and related operations.

Article 65 of the Law of Ukraine No. 2042-VIII of 18 May 2017 "On State Control of Compliance with the Legislation on Food Products, Feed, Animal By-products, Veterinary Medicine and Animal Welfare" establishes the responsibility of market operators for violations of legislation on animal welfare.

Article 299 of the Criminal Code establishes criminal responsibility for violating the rules of animal transportation, if such actions lead to harm, mutilation

or death of the animal.

Article 107 of the The Code of Ukraine on Administrative Offenses establishes administrative responsibility for violations of legislation on animal welfare.

Law of Ukraine No. 3221-IX of 30 June 2023 "On Amendments to Certain Laws of Ukraine Regarding the Improvement of State Regulation of Food Safety and Development of Animal Husbandry" was adopted, which established the mandatory training on animal welfare and requirements for such training system, as well as specified the competence and powers of authorities on animal welfare.

Cabinet of Ministers of Ukraine of 29 September 2023 the amended Rules for Animal Transportation and has specified rules for transport of bees and bumblebees (Resolution No. 1041 of 29 September 2023 "On amendments to the Rules of animal transportation").

• *Please describe the system on prohibition of substances and control of residue levels along the agri-food chain, including foodstuffs intended for human consumption and feed.*

In Ukraine, since 2012, an electronic database on identified animals, their owners/keepers, farms, movement, slaughter, disposal, death, death of such animals - the Unified State Register of Animals (Unified State Register of Animals) has been in operation.

Currently, the Competent Body is working on improving the functionality of the Unified State Register of Animals. This will allow local market operators to register animals, submit data on the departure/arrival of animals from/to the farm, register information on animal slaughter, review and create reports on the circulation of animals in their own farm; integration of EDRT with other information systems of SSUFSCP, by developing new tools for convenient integration with other systems.

PLACING ON THE MARKET OF FOOD, FEED AND ANIMAL PRODUCTS

• *Please describe legislative framework and progress made on hygiene rules at all stages of production, processing and distribution, including specific control rules for raw milk and milk-based products, for animal products, for animal by-products, and for feed hygiene. Please elaborate on the implementation of HACCP (Hazard Analysis and Critical Control Points) by food operators.*

Adopted:

- Order of the Minagropolicy "On amendments to certain Orders regarding the import (shipment) to the customs territory of Ukraine of fishery products intended for human consumption" No. 261 of 24 February 2023. The Order introduced amendments to the Requirements for import (shipment) to the customs territory of

Ukraine of foodstuffs of animal origin, feed, hay, straw, as well as animal by-products and derived products thereof, approved by Order the the Minagropolicy No. 553 of 16 November 2018, and model international certificate for the import (shipment) to the customs territory of Ukraine of fishery products intended for human consumption, approved by Order of the Ministry of Economic Development, Trade and Agriculture of Ukraine No. 1329 of 14 July 2020 as regards the categories of fishery products to which animal health requirements do not apply; requirements regarding the status of the territories of origin of molluscs from which fishery products are obtained;

- Order of the Minagropolicy "On Amendments the Order of the Ministry of Agrarian Policy and Food of Ukraine (hereinafter - Minagropolicy) No. 813 of 20 October 2022 and Adoption of the Requirements for Specific Quality Parameters of Poultry Meat." No. 625 of 27 March 2023. The Order introduced amendments to the Hygiene requirements for the production and circulation of foodstuffs of animal origin approved by the MoAPFU Order No. 813, in terms of supplementing them with the requirements for the production and circulation of poultry meat; adoption of the requirements for specific quality parameters of poultry meat;

- Order Minagropolicy "On Adoption of the Requirements for Chicken Eggs" No. 360 of 7 March 2023.

The Order adopted the requirements for eggs as regards:

sorting eggs by their quality and weight;

stamping of eggs, labelling of packages (containers), transport containers for eggs, containers for commercial eggs and provision of information to consumers in case of loose sale of eggs;

packaging and repackaging of eggs, requirements for records to be kept by business operators;

- Order Minagropolicy "On adoption of the Requirements for chicken eggs" No. 1228 of 02 June 2023. The Order adopted the Requirements for hatching eggs and poultry day-old chicks as regards:

stamping of hatching eggs;

use of hatching eggs;

packaging for hatching eggs and boxes for day-old chicks;

labelling of packages and containers for hatching eggs, boxes for day-old chicks;

records to be kept by hatchery operators.

- Order Minagropolicy "On adoption of Hygiene requirements for the facilities engaged in the production and/or circulation of apiculture products" No. 1968 of 15 November 2023 (based on Regulations (EC) Nos. 178/2002, 852/2004, 853/2004, 1935/2004, 1169/2011, 1308/2013, 2017/625 and Council Directive 2001/110/EC);

- Order Minagropolicy “On adoption of the Procedure for handling category I – III animal by-products” No. 2159 of 13 December 2023 (implemented norms of Regulation (EU) No. 1069/2009, Commission Regulation (EU) No. 142/2011, Directive 2010/75/EU);

- Order Minagropolicy “On adoption of Veterinary and sanitary requirements for the facilities (objects) engaged in treatment and processing of animal by-products” No. 859 of 18 March 2024 (implemented norms of Regulation (EU) No. 1069/2009, Commission Regulation (EU) No. 142/2011, Directive 2010/75/EU).

FOOD SAFETY RULES

• *Please describe the legislative framework and progress made on labelling presentation and advertising of foodstuffs, including nutrition and health claims, and nutritional labelling. Also, on additives authorized and purity criteria, food enzymes, extraction solvents, flavourings, food contact materials, food supplements, fortified foods and food for specific groups.*

During the reporting period, Ukraine has made progress in the area of labeling, presentation and advertising of food products, including nutritional and health claims, as well as nutritional labeling.

Pursuant to the Commission Regulation (EU) No. 10/2011 of 14 January 2011 on plastic materials and articles intended to come into contact with food, Ukraine adopted the Order of the Ministry of Health of Ukraine on Approval of Special Requirements for Plastic Materials and Articles Intended to Come into Contact with Food.

In pursuance of Directive 1999/2/EC of the European Parliament and of the Council of 22 February 1999 on the approximation of the Laws of the Member States concerning food and food ingredients treated with ionizing radiation, Ukraine developed the Order of the Ministry of Health on Approval of Requirements for Food and Food Ingredients Exposed to Ionizing Radiation.

Pursuant to Regulation (EC) No. 2065/2003 of the European Parliament and of the Council of 10 November 2003 on smoke flavors used or intended for use in or on foodstuffs, Ukraine developed the Order of the Ministry of Health "On Approval of Requirements for Smoke Flavors Used or Intended for Use in or on Foodstuffs".

In pursuance of Regulation (EU) No. 528/2012 of the European Parliament and of the Council of 22 May 2012 on the placing on the market and use of biocidal products, Ukraine has developed a draft Law of Ukraine "On the Placing on the Market and Use of Biocidal Products", which is expected to be adopted in the third quarter of 2024.

Adopted:

- Order of the Ministry of Health of Ukraine “On adoption of the Requirements for food and food ingredients treated with ionising radiation” No. 1280 of 15 July 2023;

- Order of the Ministry of Health of Ukraine “On adoption of the requirements for food flavourings, requirements for food additives and requirements for food enzymes” No. 45 of 08 January 2024 ;

- Order of the Ministry of Health of Ukraine “On adoption of the Procedure for the establishment of maximum permitted levels of pesticide residues in/on foodstuffs and feed of plant and animal origin” No. 625 of 04 April 2023;

- Order of the Ministry of Health of Ukraine “On amendments to State hygiene rules and norms “Maximum permitted levels of certain contaminants in food” No. 2113 of 11 December 2023, adopted by Order of the Ministry of Health of Ukraine No. 368 of 13 May 2013 and repealing Orders of the Ministry of Health of Ukraine No. 197 of 6 May 2003 and No. 811 of 11 December 2007”.

In pursuance of the requirements of the Law of Ukraine “On materials and articles intended to come into contact with food” a range of by-Laws was adopted:

- Order of the Ministry of Health of Ukraine “On adoption of Specific requirements for plastic materials and articles intended for contact with food” No. 2104 of 11 April 2023;

- Order of the Minagropolicy “On adoption of the requirements for written declaration of compliance of materials and articles intended for contact with food and the list of documents supporting details included in the declaration” No. 1743 of 02 July 2023.

SPECIFIC RULES FOR FEED

● *Please describe the responsibilities, organisation and powers of the competent authorities namely on placing on the market and use of feed, authorised additives in feedstuffs, undesirable substances in animal feed preparation, placing on the market and use of medicated feedstuffs, along with information on bilateral international agreements on feed.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

PHYTOSANITARY POLICY

● *Please describe the organisation and powers of the competent authority in particular on inspection services both domestically and at border crossings, as well as on general and specific control measures, imports and inspections on plant health and harmful organisms.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

A draft Law "On Plant Protection Products and Fertilising Products" (No. 11062 of 4 March 2024) has been developed, approved by the Cabinet of Ministers of Ukraine, and submitted to the Verkhovna Rada of Ukraine.

The main purpose of developing the draft Law is to implement the provisions of EU acts into Ukrainian legislation and adapt the procedures for market approval of products to the best European practices. The main EU acts in this area are Regulation (EU) No. 1107/2009 of 21 October 2009 concerning the placing of plant protection products on the market and Regulation (EU) No. 2019/1009 of 5 June 2019, which establishes rules on placing fertilizing products on the market.

● ***Please elaborate on the legal framework in place for the production and marketing of forest reproductive material and on the implementation of plant variety rights.***

In Order to implement the Law of Ukraine No. 2763-IX of 16 November 2022 "On Amendments to Certain Legislative Acts of Ukraine on Bringing Legislation in the Field of Protection of Rights to Plant Varieties and Seed and Seedling Production into Compliance with Provisions of the European Union Legislation and Amending the Laws of Ukraine "On Protection of Rights to Plant Varieties" and "On Seed and Planting Material", which entered into force on 10 June 2023:

The Cabinet of Ministers of Ukraine adopted:

Resolution of the Cabinet of Ministers of Ukraine "On amendments to resolution of the Cabinet of Ministers of Ukraine No. 1183 of 19 August 2002" No. 813 of 04 August 2023, which establishes the procedure for the payment of fees for actions related to the protection of rights to plant varieties taking into account the requirements of Commission Regulation (EC) No. 1238/95 of 31 May 1995, on establishing implementing rules for the implementation of Commission Regulation (EC) No. 2100/94 regarding fees payable to the Community Plant Variety Office;

Resolution of the Cabinet of Ministers of Ukraine "On adoption of the procedure for the issuance, rejection of issuance, re-issuance, revocation of approval for the import to Ukraine and export from Ukraine of samples of seed and planting material of plant varieties and control of their use, and repealing resolution of the Cabinet of Ministers of Ukraine No. 691 of 05 October 2016" No. 917 of 25 August 2023, which establishes the mechanism for the issuing of approval, refusal of its issuing, re-issuing, revocation of approval for importing to the territory of Ukraine of samples of seed and planting material of plant varieties not entered into the Register of Plant Varieties of Ukraine for selection, experimental work and exhibition, export of seed samples outside of Ukraine and planting material of plant varieties not entered into the Register of Plant Varieties of Ukraine, entering information into the single state information web portal "Single Window for International Trade", as well as clear control over the use of samples of seed and planting material imported into Ukraine, taking into account the requirements of Council Directive 66/402/EEC of 14 June 1966 on the marketing of cereal seed, Council Directive 2002/54/EC of 13 June 2002 on the marketing of beet seed, Council Directive 2002/57/EC of 13 June 2002 on the marketing of seed of oil and fibre plants, Council Directive 2008/90/EC of 29 September 2008 on the marketing of fruit plant propagating material and fruit plants intended for fruit production,

Council Directive 68/193/EEC of 9 April 1968 on the marketing of material for the vegetative propagation of the vine.

Resolution of the Cabinet of Ministers of Ukraine “On adoption of the Procedures for the performance of certification, issuance and revocation of certificates for seed and/or planting material, and model certificates for seed and/or planting material” No. 1210 of 17 November 2023 developed taking into account the requirements of Council Directive 66/402/EEC of 14 June 1966 on the marketing of cereal seed, Council Directive 2002/54/EC of 13 June 2002 on the marketing of beet seed, Council Directive 2002/57/EC of 13 June 2002 on the marketing of seed of oil and fibre plants, Council Directive 2008/90/EC of 29 September 2008 on the marketing of fruit plant propagating material and fruit plants intended for fruit production, Commission Implementing Directive 2014/98/EU of 15 October 2014 as regards specific requirements for the genus and species of fruit plants referred to in Annex I thereto, specific requirements to be met by suppliers and detailed rules concerning official inspections, Commission Implementing Directive 2014/96/EU of 15 October 2014 on the requirements for the labelling, sealing and packaging of fruit plant propagating material and fruit plants intended for fruit production, falling within the scope of Council Directive 2008/90/EC, and Council Directive 2008/72/EC of 15 July 2008 on the marketing of vegetable propagating and planting material, other than seed.

Resolution of the Cabinet of Ministers of Ukraine “On adoption of the Procedure for the approval of proliferation in Ukraine of vegetable crop varieties for which applications for state registration of variety were submitted to the Minagropolicy before adoption of decision on its state registration” No. 200 of 23 February 2024, taking into account the requirements of Commission Decision 2004/842/EC of 1 December 2004 concerning implementing rules whereby Member States may authorise the placing on the market of seed belonging to varieties for which an application for entry in the national catalogue of varieties of agricultural plant species or vegetable species has been submitted.

Besides, with regard to the requirements of Commission Regulation (EC) No. 874/2009 of 17 September 2009 establishing implementing rules for the application of Council Regulation (EC) No. 2100/94 on the rights to plant varieties in the Community, the following Orders of the Minagropolicy were adopted:

“On adoption of the Procedure for the performance of qualified examination of a variety” No. 1344 of 05 July 2023 registered in the Ministry of Justice of Ukraine on 21 July 2023 under No. 1244/40300;

“On adoption of the Procedure for drawing up, submission and consideration of application for a variety” No. 1609 of 31 August 2023 registered in the Ministry of Justice of Ukraine on 03 October 2023 under No. 1735/40791;

“On adoption of the Procedure for providing official and test samples of planting material of a variety” No. 1710 of 26 September 2023 registered in the Ministry of Justice of Ukraine on 12 October 2023 under No. 1785/40841.

Having regard to the requirements of Council Directive 66/402/EEC of 14 June 1966 on the marketing of cereal seed, Council Directive 2002/54/EC of 13 June 2002 on the marketing of beet seed, Council Directive 2002/57/EC of 13 June 2002 on the marketing of seed of oil and fibre plants, Commission Implementing Directive 2014/96/EU of 15 October 2014 on the requirements for the labelling, sealing and packaging of fruit plant propagating material and fruit plants intended for fruit production, falling within the scope of Council Directive 2008/90/EC, adopted Order the Minagropolicy “On adoption of the Requirements for the labelling and packaging of seed and planting material” No. 1050 of 02 April 2024 which was submitted for state registration to the Ministry of Justice of Ukraine (letter No. 21-13332-05/9418 of 03 April 2024).

Regarding the determination of seed sowing qualities, purity of phytosanitary and entomological expertise, and sampling of seeds, the following standards are applied:

DSTU 5036:2008 "Seeds of Trees and Shrubs. Methods of Sampling, Determination of Purity, 1000 Seed Weight, and Moisture Content."

DSTU 7127:2009 "Seeds of Trees and Shrubs. Methods of Phytosanitary and Entomological Expertise."

DSTU 8558:2015 "Seeds of Trees and Shrubs. Methods for Determining Sowing Qualities (Viability, Germination, Good Quality)."

DSTU 9053:2020 "Seeds of Trees and Shrubs. Sowing Qualities. Technical Specifications."

In Order to implement the EU Council Directive 1999/105/EC of 22 December 1999 on the marketing of forest reproductive material, the Draft Law of Ukraine "On Forest Reproductive Resources" (Registration No. 9116 dated 17 March 2023) was registered in the Verkhovna Rada of Ukraine. By the decision of the Verkhovna Rada of Ukraine No. 3562-IX of 6 February 2024, it was included in the agenda of the eleventh session of the Verkhovna Rada of the ninth convocation. The above-mentioned bill will implement the requirements of Council Directive 1999/105/EC.

GENETICALLY MODIFIED ORGANISMS (GMOS)

• Please describe notably the authorisation procedure, and on the respective fields of responsibilities, organisation and powers of the competent authorities, as well as on the rules for the release of GMOs into the environment and on genetically modified food and feed.

Currently, the Law of Ukraine No. 1103-V of 31 May 2007 "On state biosecurity system during creation, testing, transportation and use of genetically modified organisms" is in force in Ukraine in the field of genetically modified organisms which regulates the powers of central executive bodies, creation, analysis, testing, transportation, placing on the market, release of GMOs into the environment and their use. In pursuance of this Law 15 by-laws were adopted, the main of which

being:

the CMU Resolution No. 308 of 02 April 2009 “On adoption of the Procedure for the issuance of permit for the performance of state approbation (testing) of genetically modified organisms in open system”;

the CMU Resolution No. 423 of 28 April 2009 “On adoption of the Procedure for the issuance of permit for transit movement of genetically modified organisms which are not registered in Ukraine”;

the CMU Resolution No. 808 of 23 July 2009 “On certain matters related to approbation (testing) and registration of genetically modified organisms of agricultural crop varieties”;

the CMU Resolution No. 919 of 12 October 2010 “On matters related to the ensuring of implementation of article 7 of the Law of Ukraine “On state biosecurity system during creation, testing, transportation and use of genetically modified organisms”.

Currently there are no genetically modified organisms registered in Ukraine.

The management of GMOs in Ukraine is regulated by the Law of Ukraine "On the State System of Biosafety in the Production, Testing, Transport and Use of Genetically Modified Organisms" No. 1103-V of 31 May 2007 (the "Law"). The Law will expire on 16 September 2026 in accordance with the Law of Ukraine No. 3339-IX of 23 August 2023 "On State Regulation of Genetic Engineering Activities and State Control over the Placing on the Market of Genetically Modified Organisms and Products", which will enter into force on that date.

Law of Ukraine of 23 August 2023 "On State Regulation of Genetic Engineering Activities and State Control over Placing Genetically Modified Organisms and Products on the Market" was adopted.

Obtaining a permit to place GMO and GM products on the market includes the following steps:

1. Submission of an application for state registration of GMOs;
2. After submitting the application, the applicant is obliged to submit to the Scientific and Methodological Center for GMO Testing detailed information on the method (methodology) for determining GMOs, a sample of GMOs submitted for state registration of GMOs, and reference samples of GMOs within five business days;
3. The central executive body that ensures the formation and implementation of the state policy in the field of placing GMOs and GM products on the market shall confirm receipt of the application for state registration of GMOs by notifying the applicant in writing within three working days from the date of receipt, indicating the date of receipt of the application and its number;
4. In case of change of the purpose of use (for cultivation, processing, as a food product or as feed or for other purposes) contained in the application for state

registration of GMO, the person intending to register GMO shall submit to the central executive body that ensures the formation and implementation of the state policy in the field of placing on the market of GMO and GM products, an updated application for state registration of GMO.

The central executive body that ensures the formation and implementation of the state policy in the field of placing GMOs and GM products on the market:

- 1) develops the procedure for state registration of GMOs;
- 2) develops the procedure for maintaining the State Register of GMOs;
- 3) develops regulations on the State Commission for GMO Risk Assessment, coordinates its activities and provides organizational and technical support for its work;
- 4) develops rules for the parallel use of GMOs, GM products and non-GMO products;
- 5) develops the procedure for sampling of GMOs and GM products for the purposes of state control;
- 6) develops and approves the procedure for maintaining the List of persons engaged in the production (cultivation) of genetically modified organisms (plants, animals, fungi, microorganisms);
- 7) approves, upon submission of the Scientific and Methodological Center for GMO Testing, methods (techniques) of laboratory research (testing) of GMOs and methods of sampling;
- 8) develops the procedure for setting the cost of services for GMO risk assessment and state registration of GMOs;
- 9) carry out state registration of GMOs and maintain the State Register of GMOs;
- 10) exercises other powers provided by Law.

Information on anti-corruption mainstreaming

Chapter 12 - Phyto-sanitary/veterinary: Corruption risks in regulatory agencies, food fraud, and accountability in issuing certifications or performing phyto-sanitary checks at borders.

The State Service of Ukraine on Food Safety and Consumer Protection, within the limits of the powers defined by the law, takes measures aimed at preventing the production and circulation of falsified products.

At the same time, it should be noted that there are no definitions of "adulterated food product" and "food/food fraud" in the current legislation, and, as a result, the responsibility of market operators for the production and/or circulation of such

products.

Proposals regarding the introduction of these terms into the norms of the current legislation were developed and provided by the SSUFSCP to the Minagropolicy.

Before the start of the full-scale invasion, the SSUFSCP actively cooperated with both state bodies and non-governmental organizations to protect consumer rights and clean the market of counterfeit products.

The SSUFSCP together with the NGO "Public Control of Consumer Rights Protection" implemented the "STOP Falsification" project, within the framework of which control measures were carried out at all stages of production and circulation of dairy products.

These measures enabled the Antimonopoly Committee of Ukraine to prosecute dairy product manufacturers for unfair competition.

Taking into account the positive results of the first stage, the second stage was planned - the fight against the circulation of falsified meat products.

Currently, taking into account the resolution of the Cabinet of Ministers of Ukraine dated 13.03.2022 No. 303 "On the termination of measures of state supervision (control) and state market supervision in conditions of martial law", SSUFSCP carries out state control measures in the areas of safety and certain indicators of the quality of food products in accordance with Order of the Minagropolicy dated January 3, 2023 No. 5 "On Approval of the List of Reasons for Unscheduled Measures of State Control of Compliance with the Legislation on Food Products, Feeds, Animal Byproducts, Animal Health and Welfare for the Period of Martial Law."

The practice of limiting the implementation of state control measures in the field of safety and certain quality indicators of food products leads to an increase in the occurrence of low-quality, dangerous products in circulation, since SSUFSCP faces only the consequences of violations of legislation, actually recording the fact of this violation.

The preventive role of state control measures in the field of safety and certain indicators of the quality of food products had a significant impact on the activities of market operators, because these measures were carried out without restrictions, defined by the Law of Ukraine "On the Basic Principles of State Supervision (Control) in the Field of Economic Activity."

Thus, in 2023, the territorial bodies of SSUFSCP carried out 87 unplanned measures of state control related to cases of falsification of food products, of which 26 measures were related to cases of falsification of dairy products.

Given the restrictions on the implementation of state control measures, it is rather difficult to assess the level of counterfeiting, because, as already mentioned, SSUFSCP faces only the consequences.

The Anti-Corruption Programme of the Minagropolicy for 2023-2025 has been developed in accordance with the Constitution of Ukraine, part one of Article 19 of

the Law of Ukraine "On Prevention of Corruption", the Anti-Corruption Strategy for 2021-2025 approved by the Law of Ukraine No. 2322-IX dated 20.06.2022, the State Anti-Corruption Programme for 2023-2025 approved by the Resolution of the Cabinet of Ministers of Ukraine dated 04.03. 2023 No. 220, the Methodology for Corruption Risk Management, approved by the Order of the National Agency for the Prevention of Corruption dated 28.12.2021 No. 830/21, registered with the Ministry of Justice of Ukraine on 17.02. 2022 under No. 219/37555, the Procedure for Submission of Anti-Corruption Programmes, Amendments to Them for Approval to the National Agency for the Prevention of Corruption and their Approval, approved by the Order of the National Agency for the Prevention of Corruption on 28.12.2021 No. 830/21, registered with the Ministry of Justice of Ukraine on 17.02.2022 under No. 220/37556.

The principles and guidelines of the general departmental policy of the Minagropolicy in the field of prevention and detection of corruption are aimed at:

- achievement of an appropriate level of performance by the Minagropolicy of its functions in the public interest by establishing an effective system of preventing and combating corruption;

- taking measures to implement the principles of the anti-corruption policy of the Minagropolicy, as well as measures to implement the anti-corruption strategy and the state programme for its implementation adopted for the respective period;

- complete rejection and intolerance of corruption in any of its manifestations in the Minagropolicy;

- wide public involvement in the processes of monitoring compliance with the requirements of the current legislation of Ukraine, analysis of the performance of functions and tasks assigned to the Minagropolicy, in order to ensure openness and transparency as a prerequisite for proper public access to information and results of the Ministry's activities;

- unconditional and inevitable implementation of anti-corruption legislation in the activities of the Minagropolicy.

The purpose of the development, adoption and approval of the anti-corruption programme is to eliminate (minimise) corruption risks in the activities of the Minagropolicy.

Based on the results of the assessment of corruption risks and public discussion of the relevant draft programme, the Anti-Corruption Programme of the Minagropolicy for 2023-2025 was approved by the Order of the Minagropolicy No. 1719 "On Approval of the Anti-Corruption Programme" dated 27.09.2023 and posted on the official website of the Minagropolicy.

In order to eliminate (minimise) corruption risks in the activities of the State Service of Ukraine on Food Safety and Consumer Protection, the Anti-Corruption Programme of the State Service of Ukraine on Food Safety and Consumer Protection for 2024-2026 was approved by Order No. 167 of 20 March 2024.

Main objectives of the Anti-Corruption Programme:

- to establish the probability of committing corruption and corruption-related offenses committed by employees of the State Service of Ukraine on Food Safety and Consumer Protection;
- to identify reasons, conditions and consequences of such possible offences;
- to improve the system of preventing and fighting corruption in the State Service of Ukraine on Food Safety and Consumer Protection;
- to analyze the effectiveness of existing control measures aimed at preventing corruption risks.

Based on the results of the conducted Corruption Risk Assessment, the following functions of the State Service of Ukraine on Food Safety and Consumer Protection were identified as vulnerable to corruption:

- performance of official control and other official activities by officers (inspectors) of the SSUFSCP;
- issuance of certificates, approvals and other permits and attestations by officers of the SSUFSCP;
- examinations after trainings and issuing documents (certificates of competence), which give the right to carry out certain activities (if such a requirement is established by law);
- maintenance of state registers.

In order to eliminate the identified corruption risks, the following priority measures have been determined:

- human resources management (improvement of the recruitment procedure, analysis of the results of the evaluation (KPIs) of officials, ensuring the rotation of officials);
- providing officials (officers, inspectors) of the SSUFSCP with real-time photo and video recording equipment during their performance of official control and other official activities;
- improvement of the regulatory and legal framework (elimination of discretionary provisions concerning the powers of officials);
- digitalisation of processes (including documented control procedures) during official control and other official activities including the issuance of official certificates, documents and attestations;
- increasing the appropriate level of wages for employees of the SSUFSCP;
- improving cooperation and interaction with other law enforcement authorities.

In order to monitor the implementation of measures to mitigate corruption risks, it is envisaged to conduct on a systematic basis:

- awareness raising among the officials of the SSUFSCP who perform official

control and other official activities;

-inspections and audits of the territorial bodies of the SSUFSCP on compliance with the law.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ continue to implement and update the strategy for aligning with and implementing the EU acquis to meet the requirements of the Association agreement, with a focus on the animal health and phytosanitary measures

Draft Law of Ukraine “On state regulation of plant protection field” (registration No. 8340) was adopted by the Verkhovna Rada of Ukraine in the first reading on 29 June 2023. Preparation for the second reading is underway.

- Draft version of the Law of Ukraine “On state control of the compliance with legislation on sanitary and phytosanitary measures” was prepared by the Minagropolicy with the involvement of EU project “Improvement of legislation, control and awareness in food safety, animal health and welfare in Ukraine”. The experts of the Swiss-Ukrainian programme "Higher Value Added Trade from the Organic and the Dairy Sector in Ukraine", industry associations, public associations and other central executive bodies are now also involved in the work on the current draft Law version. Discussions continue and the draft Law version is being prepared to be submitted to stakeholders for approval. Term for complete fulfilment of this measure is in December 2024.

- Order of the Minagropolicy “On adoption of the Requirements for ante-mortem and post-mortem examination of animals, including those slaughtered outside the slaughterhouse” No. 1032 of 02 April 2024, was submitted for state registration to the Ministry of Justice.

- Draft Order of the Minagropolicy “On adoption of the Requirements for the production and circulation of live bivalve molluscs, live echinoderms, live tunicates, live marine gastropods, and for the classification of production areas and relaying areas for live bivalve molluscs”, and for sanitary examination, monitoring and maintenance of the list of respective areas” was prepared and submitted for approval to respective central executive bodies.

Draft Order of the Minagropolicy “On adoption of the Procedure for the issuance of international certificates and other documents required by legislation of the country of destination of consignments of foodstuffs” was developed. The document is being prepared for submission for approval to respective central executive bodies.

→ accelerate EU market integration through a project to pilot the EU's trade control and expert system (TRACES) and subsequently extend its use to the whole country

Relevant information was provided as a part answers for question *Please indicate to what extent the legal framework currently in force is aligned with the Official Controls Regulation (OCR) - Regulation (EU) 2017/625 and its delegated and implementing acts. To which extent there is an integrated control system in place throughout the whole agri-food chain? Does the country have a multiannual national control plan in place? Does the country implement a risk-based approach for official controls?*

→ enhance food safety through the reform of food safety bodies (State Service of Ukraine on Food Safety and Consumer Protection, State Agency for Animal Identification and Registration, authorised laboratories), strengthening food safety controls and implementing robust disease surveillance and vaccination

Order of the Minagropolicy No. 699 of 07 March 2024 “On adoption of the Instruction for prevention and control of transmissible spongiform encephalopathies” registered in the Ministry of Justice of Ukraine on 26 March 2024 under No. 450/41795, was adopted.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

**CLUSTER 5: Resources,
Agriculture and Cohesion**

CHAPTER 13 – Fisheries

ЄШУА

УКРАЇНА

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ЄВРОПА

Answers to the Guiding Questions

• *To what extent has the country aligned its legal framework to the EU acquis, including as regards the organisation of the market for fish and fishery products? Is it capable to ensure the implementation of common marketing standards in ports and on wholesale markets.*

- Does the country satisfy consumer information requirements?

- Can the country monitor the withdrawal of products from the market pursuant to the EU law?

- Can it provide relevant market data?

- Has it adopted the administrative measures necessary to the recognition of producers' organisations?

In order to strengthen the mechanisms for combating IUU fishing, the Draft Law of Ukraine "On Ensuring Traceability of Water Bioresources and Products Made from Water Bioresources" (registered in the Verkhovna Rada of Ukraine on July 31, 2023 under No. 9545) was developed, which provides for control over the circulation of fish and fish products in the Ukrainian market from the moment of their catch/importation into the customs territory of Ukraine until their sale to the end consumer, export or re-export from the customs territory of Ukraine. The main purpose of this draft law is to prevent the circulation of illegally caught fish and fish products in Ukraine. This Draft Law provides for the implementation of the relevant provisions of Regulations (EU) No. 1224/2009 of the European Parliament and of the Council of 20 November 2009, No. 1005/2008 of 29 September 2008, No. 1380/2013 of 11 December 2013.

In order to harmonize the system of fisheries data collection, the Ministry of Agrarian Policy and Foodstuff of Ukraine issued Order No. 1655 of 11 September 2023 "On Approval of the Aquaculture Reporting Form and Instructions for Its Completion", which implements the requirements of EU Regulation No. 762/2008.

Ukrainian legislation is partially harmonized with EU common market standards, however the work towards full integration is still underway.

For now, Ukraine has created a general regulatory framework for the association of producers in various organizations, and these issues are regulated by the Laws of Ukraine No. 4572-VI of 22 March 2012 "On Public Associations" and No. 819-IX of 21 July 202 "On Agricultural Cooperation". At the same time, this legislation does not fully take into account the specifics of the fisheries and aquaculture sector, does not provide for the possibility and conditions for empowering such organizations to establish regulatory and standardization measures in the sector, and does not define the rights and obligations of such organizations in achieving the goals of state policy in the field of fisheries.

In accordance with the above laws, producer organizations have the opportunity and actively participate in the formation and implementation of state

policy in the relevant area, but such participation is mostly advisory in nature. The goals of such organizations may include increasing the efficiency and competitiveness of producers, meeting their economic, social and other needs, developing the infrastructure of the agricultural market, creating conditions for reducing producers' costs in acquiring the necessary resources, carrying out production and/or other economic activities, and increasing producers' income.

In this context, the process of developing draft laws of Ukraine and bylaws aimed at implementing the requirements of EU Regulations 1380/2013, 708/2007, 1224/2009, 1005/2008 and 1010/2009, 1379/2013 is currently underway, which will provide a basis for the implementation of European approaches to fisheries management, in particular in terms of fisheries control, collection of fisheries data and organization of the fish and fish products market. These draft regulations are expected to be finalized by the end of 2024.

• *Is this legal framework aligned to the EU acquis, being consistently implemented and enforced?*

All draft legal acts in the field of fisheries are based on the provisions of the relevant EU legal acts.

• *Does the country have, or plan to develop, an action plan to achieve progressive alignment with the EU acquis? If so, is it being implemented?*

Resolution of the Cabinet of Ministers of Ukraine No. 402-p of 2 May 2023 “The Strategy for the Development of the Fisheries Sector of Ukraine until 2030 and Operational Action Plan for its implementation in 2023-2025” was developed by the State Agency of Ukraine for the Development of Melioration, Fisheries and Food Programs together with the Ministry of Agrarian Policy and Foodstuff of Ukraine, with the support of representatives of the DG MARE and the EU-funded project IPRSA. The Strategy and the Action Plan serve as the basis for taking steps to harmonize Ukrainian legislation with the relevant EU law.

• *Does the country have sufficient institutional and administrative capacity to fulfil its responsibilities under this chapter, in view of fulfilling the requirements in the following areas? If not, what steps are being taken to strengthen capacity in the following areas and to allocate adequate resources to these tasks?*

State Agency of Ukraine for the Development of Melioration, Fisheries and Food Programs together with the Ministry of Agrarian Policy and Foodstuff of Ukraine, ensures cooperation with the EU, the EU-funded project IPRSA and the FAO office in Ukraine on organizing study visits to EU member states to familiarize with the fisheries management system in such countries. Based on the results of these activities, it is planned to consider the development of a concept for institutional reform in the fisheries sector.

At the same time, the work on harmonization of Ukrainian legislation in the field of fisheries with the relevant EU law requires additional expert support.

FISHERIES MANAGEMENT

• *Manage fishing quotas, effort and licenses through an efficient system of recording and cross-checking of the consumption of the fishing opportunities.*

The Law of Ukraine "On Fisheries, Commercial Fishing and Protection of Water Bioresources" and a number of other bylaws adopted for its implementation regulate fisheries management issues.

At the same time, on March 21, 2023, the Verkhovna Rada of Ukraine adopted the key Law of Ukraine No. 2989-IX of 21 March 2023 "On Amendments to Certain Legislative Acts of Ukraine on Improving State Regulation in the Field of Fisheries, Conservation and Rational Use of Water Bioresources and Aquaculture", which adjusts certain elements of the fisheries management system.

According to the innovations, in order to preserve and ensure the rational use of water bioresources, in accordance with the scientific justification of scientific institutions, limits of commercial fishing are set for each year, which are further divided into quotas and sold through open auctions.

Special use of water bioresources in inland fishery water bodies (parts thereof), inland sea waters, territorial sea, exclusive (maritime) economic zone and on the continental shelf of Ukraine is carried out on the basis of a permit issued to an economic entity.

At the same time, fishing outside the jurisdiction of Ukraine is subject to licensing and is also carried out on the basis of a permit for the special use of water bioresources outside the jurisdiction of Ukraine, taking into account the requirements of international fisheries management organizations or coastal states. The control over the licensees' compliance with the requirements of the License Terms for conducting economic activities for commercial fishing of water bioresources outside the jurisdiction of Ukraine is carried out in accordance with the Laws of Ukraine No. 222-VIII of 5 March 2015 "On Licensing of Economic Activities" and No. 877-V of 5 April 2007 "On the Basic Principles of State Supervision (Control) in the Field of Economic Activity".

In order to bring Ukrainian legislation in line with EU law in terms of licensing commercial fishing in inland fishery water bodies (parts thereof), sea waters, territorial sea, exclusive (maritime) economic zone and the continental shelf of Ukraine, the Cabinet of Ministers of Ukraine adopted Resolution No. 1076 of 13 October 2013 "On Implementation of the Pilot Project on the Introduction of the Declaration of the Right to Commercial Fishing and Research Fishing in Electronic Form".

The Cabinet of Ministers of Ukraine adopted Resolution No. 252 of 5 March 2024 "On Approval of Procedures for Issuing, Refusing to Issue, Reissuing,

Revoking Certain Permits in the Field of Fisheries and Invalidating Resolutions of the Cabinet of Ministers of Ukraine". The Resolution improves the procedure for issuing permits in the field of fisheries, as well as clarifies and introduces new permits in the field of fisheries.

In particular, in order to confirm the legality of the harvesting of aquatic bioresources in the course of international trade in fish and fish products, we are bringing the Certificate of the legality of the extraction of water bioresources from their habitat for the export of fish products in line with Regulation (EC) 1005/2008 and introducing procedures for the issuance by Ukraine of a certificate of re-export of imported fish products and forms of confirmation of processing of imported fish products for export.

Control over the availability of these documents and their verification during export-import operations will be carried out in accordance with the draft law "On Ensuring the Traceability of the Origin of Water Bioresources and Products Made from Traceable Types of Water Bioresources".

Control over the level of utilization of fishing opportunities is exercised by submitting reports through the Unified State Electronic Fisheries Management System on the volume of water bioresources harvested by fishing entities, taking into account the frequency established by law. In addition, the draft law "On Amendments to Certain Legislative Acts of Ukraine on Improving State Regulation in the Field of Fisheries, Conservation and Rational Use of Water Bioresources and Aquaculture" adopted by the Verkhovna Rada of Ukraine, introduced reporting on the use of water bioresources outside the jurisdiction of Ukraine.

- ***Implement technical measures required by EU law.***

Fisheries are regulated on the basis of commercial fishing regulations. These rules may be updated annually on the basis of scientific justification by approving fishing regimes. These regulations define the areas, methods and terms of extraction of water bioresources, types, sizes and number of fishing vessels, fishing gear, their number, the minimum fishing size, requirements for their protection, permissible bycatch, as well as the conditions for using commercial areas of fishery water bodies, the load on each water body in terms of the number and capacity of vessels, etc. The technical measures aimed at preserving water bioresources are partially in line with the EU legislation.

At the same time, in order to harmonize Ukrainian legislation with EU law in terms of technical measures aimed at preserving water bioresources, the Order of the Ministry of Agrarian Policy and Foodstuff of Ukraine No. 1284 of 15 June 2023 "On Approval of the Rules of Commercial Fishing in the Black Sea Basin" was adopted, which updated the rules of industrial fishing to meet modern requirements.

- ***Adopt measures to minimize the impact of fishing activities on by-catches***

and sensitive habitats.

In order to prevent negative environmental impacts from commercial fishing, scientific research is conducted annually on the state of populations of commercial fish species, the development of the feed base, the impact of abiotic factors, including climate change and anthropogenic activities, which is used to regulate the fisheries industry and set limits for commercial fishing.

Also, a set of measures is taken annually to restore the biodiversity of water bioresources, including stocking water bodies with juveniles, valuable, rare, endangered species, and fish biomeliorators (silver carp, grass carp), and meliorative measures to increase the natural reproduction of populations (installation of artificial spawning grounds, clearing of natural spawning grounds, etc.)

In addition, fishing regulations and fishing regimes establish technical measures aimed at preserving water bioresources during fishing, and the Law of Ukraine No. 5293-VI of 18 September 2012 "On Aquaculture" establishes standards for the management of alien and locally absent species to ensure safe handling of such activities and prevent negative effects of such species on natural biocenosis.

● *Adopt measures to ensure the balance between the fishing capacity and the available fisheries resources.*

Currently, the mechanisms and procedures for ensuring a balance between fishing capacities and fishing opportunities in Ukrainian legislation are regulated by limiting the number of fishing gear. At the same time, the mechanisms for ensuring the balance provided for in Article 22 of EU Regulation No. 1380/2013 need to be implemented in Ukraine. Currently, the process of drafting a law of Ukraine and bylaws aimed at implementing the requirements of EU Regulation 1380/2013 is actively underway. The relevant draft regulations are expected to be finalized by the end of 2024.

INSPECTION, CONTROL, SURVEILLANCE, MONITORING

● *Adopt national measures to ensure full traceability of fishery products in the internal market.*

On July 31, 2023, the Verkhovna Rada of Ukraine registered the Draft Law of Ukraine "On Ensuring Traceability of Water Bioresources and Products Made from Water Bioresources" under No. 9545, which provides for control over the circulation of fish and fish products on the Ukrainian market from the moment of their catch/importation into the customs territory of Ukraine until their sale to the end consumer, export or re-export from the customs territory of Ukraine. The main purpose of the draft law is to prevent the circulation of illegally caught fish and fish products in Ukraine. The Draft Law provides for the implementation of the relevant provisions of Regulations (EC) No. 1224/2009 of the European Parliament and of the Council of 20 November 2009, No. 1005/2008 of 29 September 2008, and No.

1380/2013 of 11 December 2013. Also, on July 31, 2023, the Draft Law of Ukraine "On Amendments to the Code of Ukraine on Administrative Offenses on Establishing Liability in the Field of Traceability of Origin of Water Bioresources and/or Products from Them" was registered in the Verkhovna Rada of Ukraine under No. 9546.

In addition, the Verkhovna Rada of Ukraine has registered a draft law "On Ukraine's Accession to the Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing". The application of the measures provided for in the Port State Agreement will, in particular, contribute to the harmonization of port state measures, strengthening regional and international cooperation and stopping the supply of fish caught as a result of IUU fishing to national and international markets.

• Adopt appropriate measures, allocate adequate financial, human and technical resources and set up all administrative and technical structures necessary for ensuring control, inspection and enforcement of activities carried out within the scope of the common fisheries policy. Make available to the competent authorities and officials all adequate means to enable them to carry out their tasks.

The Order of the Cabinet of Ministers of Ukraine No. 402 of 2 May 2023 "The Strategy for the Development of the Fisheries Industry of Ukraine for the period up to 2030" sets the following goals:

improving the methods of conducting state supervision (control) and ensuring such supervision (control) based on a risk-based approach by creating preconditions for attracting financial, human and technical resources to provide state bodies and their officials with all the necessary means to properly perform their duties;

strengthening the fight against IUU fishing, including by improving legislation and development of a system to prevent the import of fish products originating from IUU fishing;

creating conditions for improving the efficiency of financing the industry and attracting investment in the development of the fishery;

changes in the model and mechanisms of public administration in the sector, including the formation of a clear organizational structure for the implementation of policy, management, control and monitoring of the fisheries sector.

Resolution of the Cabinet of Ministers of Ukraine No. 153 of 9 February 2024 "On Approval of the Regulation on Monitoring Fishing Vessels and the Procedure for the Operation of the Remote Monitoring System for Fishing Vessels". According to this resolution, a fundamentally new system of remote monitoring of fishing vessels is being implemented in Ukraine. This will ensure compliance with the requirements of Ukraine's international treaties in terms of fulfilling the duties of a Flag State, as well as compliance with the requirements of EU Regulations

1224/2009 and 404/2011. In addition, the remote control system will cover 100% of Ukraine's fishing fleet, including small-scale fishing vessels, which is in line with the latest changes in the EU fisheries control system.

The updated system of remote control of fishing vessels will start functioning from the date of posting on the official website of the State Agency of Ukraine for the Development of Melioration, Fisheries and Food Programs the announcement of the launch of the component of the Unified State Electronic Fisheries Management System - the system of remote control of fishing vessels.

In addition, as part of the work on the implementation of the components of the Unified State Electronic Fisheries Management System, a draft resolution of the Cabinet of Ministers of Ukraine "Some issues of implementing pilot projects on concluding an agreement for the right to special use of water bioresources in fishery water bodies (parts thereof), issuing a permit for special use of water bioresources in fishery water bodies (parts thereof) (for commercial fishing, research, and other activities)" was developed. The draft resolution proposes to approve the mechanisms for concluding an agreement for the right to special use of water bioresources in fishery water bodies (their parts), issuing a permit for special use of water bioresources in fishery water bodies (their parts) (for commercial fishing, research fishing), keeping a logbook of fishery activities, issuing a receipt for accounting for harvested (caught) water bioresources in electronic form, including by means of the Unified State Web Portal of Electronic Services or the Unified State Electronic System for Management of the Fisheries Sector and Marking of Fishing Gears.

State Agency of Ukraine for the Development of Melioration, Fisheries and Food Programs, together with the Ministry of Agrarian Policy and Foodstuff of Ukraine, ensures cooperation with the EU, the EU-funded project IPRSA and the FAO office in Ukraine on organizing study visits to EU member states to familiarize with the fisheries management system in such countries. Based on the results of these activities, it is planned to consider the development of a concept for institutional reform in the fisheries sector.

In addition, in order to amend legislative acts regarding the division of powers in permitting and controlling functions between the State Agency for the Development of Melioration, Fisheries and Food Programs and the fish protection bodies, a draft resolution of the Cabinet of Ministers of Ukraine "Some issues of territorial bodies of the State Agency for the Development of Melioration, Fisheries and Food Programs" was developed, which proposes to liquidate the territorial bodies of the State Agency for the Development of Melioration, Fisheries and Food Programs as structural units of the Agency and to establish territorial bodies of the State Agency for the Development of Melioration, Fisheries and Food Programs as legal entities under public law.

THE FIGHT AGAINST ILLEGAL, UNREPORTED AND UNREGULATED (IUU) FISHING

• *Adopt national measures to ensure full traceability of fishery products in the internal market.*

The Draft Law of Ukraine "On Ensuring the Traceability of Water Bioresources and Products Made from Water Bioresources", which provides for the control of the circulation of fish and fish products on the Ukrainian market from the moment of their catch/importation into the customs territory of Ukraine to their sale to the end consumer, export or re-export from the customs territory of Ukraine, was registered in the Verkhovna Rada of Ukraine on July 31, 2023 under No. 9545. Also, on July 31, 2023, the Draft Law of Ukraine "On Amendments to the Code of Ukraine on Administrative Offenses on Establishing Liability in the Field of Traceability of Origin of Water Bioresources and/or Products from Them" was registered with the Verkhovna Rada of Ukraine under No. 9546.

In pursuance of the Law of Ukraine No. 2989-IX of 21 March 2023 "On Amendments to Certain Legislative Acts of Ukraine on Improving State Regulation in the Field of Fisheries, Protection, Restoration and Rational Use of Water Bioresources and Aquaculture" and the Strategy for the Development of the Fisheries Industry of Ukraine until 2030, as well as the provisions of EU Regulations No. 1224/2009 of November 20, 2009 and No. 1005/2008 of September 29, 2008, in order to improve and increase the efficiency of the system of control over the use of water bioresources, the following documents were adopted/developed:

Resolution of the Cabinet of Ministers of Ukraine No. 252 of 5 March 2024 "On Approval of the Procedures for Issuance, Refusal to Issue, Reissuance, Revocation of Certain Permits in the Field of Fisheries and Invalidation of Resolutions of the Cabinet of Ministers of Ukraine";

Draft Resolution of the Cabinet of Ministers of Ukraine "Some Issues of Implementation of Pilot Projects on Concluding an Agreement for the Right to Special Use of Water Bioresources in Fishery Water Bodies (Parts Thereof), issuance of permits for special use of water bioresources in fishery water bodies (parts thereof) (for commercial fishing, research fishing), keeping a logbook of fishery activities, issuance of receipts for accounting of harvested (caught) water bioresources in electronic form and marking of fishing gear";

Resolution of the Cabinet of Ministers of Ukraine No. 1076 of 13 October 2023 "On the Implementation of a Pilot Project on the Implementation of the Declaration of the Right to Commercial Fishing and Research Fishing in Electronic Form";

Resolution of the Cabinet of Ministers of Ukraine No. 153 of 9 February 2024 "On Approval of the Regulation on Monitoring of Fishing Vessels and the Procedure for the Functioning of the System of Remote Control of Fishing Vessels";

Order of the Ministry of Agrarian Policy and Foodstuff of Ukraine No. 1818 of 17 October 2023 "On Approval of the Requirements for Fish landing point".

DATA COLLECTION AND SCIENTIFIC ADVICE

• *What is the situation regarding resource and fleet management, including data collection? Did the country put in place the Data collection Framework acquis?*

Order of the Cabinet of Ministers of Ukraine No. 402 of 2 May 2023 “The Strategy for the Development of the Fisheries Sector of Ukraine until 2030”, provides for measures to reform the system of statistical data collection in the fisheries sector and bring it in line with EU standards and requirements. In particular, its objectives are as follows:

collecting and obtaining in full reliable data on fisheries (including biological and environmental data), which are regularly updated, and data necessary for the implementation of state policy in the industry using best practices;

management of the special use of water bioresources by regulating fishing effort of fleet, fishing gear and permitting system;

to manage the fishing capacity of the fishing fleet by creating a register of fishing vessels (with information on ownership, vessel characteristics and fishing gear) to ensure a balance between fishing capacity and available fishing opportunities;

improving scientific approaches to monitoring fish stocks and assessing the state of water bioresources;

implementation of standard EU methods in fisheries research.

The development of the data collection system in the field of fisheries will be facilitated by the Law of Ukraine No. 2989-IX of 21 March 2023 "On Amendments to Certain Legislative Acts of Ukraine on Improving State Regulation in the Field of Fisheries, Conservation and Rational Use of Water Bioresources and Aquaculture" and the draft law "On Ensuring Traceability of Water Bioresources and Products Made from Water Bioresources" (registered with the Verkhovna Rada of Ukraine on July 31, 2023, No. 9545).

As part of the comprehensive digitalization of the fisheries industry, a draft resolution of the Cabinet of Ministers of Ukraine "Some issues of implementing pilot projects on concluding an agreement for the right to special use of water bioresources in fishery water bodies (parts thereof), issuing a permit for special use of water bioresources in fishery water bodies (parts thereof) (for commercial fishing, research fishing), keeping a logbook of fishery activities, issuance of a receipt for accounting of harvested (caught) water bioresources in electronic form and marking of fishing gear" was developed.

Resolution of the Cabinet of Ministers of Ukraine No. 1076 of 13 October 2023 "On Implementation of the Pilot Project on the Introduction of the Declaration of the Right to Commercial Fishing and Research Fishing in Electronic Form". The declaration of the right to commercial fishing and research fishing in electronic form

is analogous to fishing licensing in the sense of EU law and allows collecting a certain amount of fisheries data, in particular, on the fishing fleet, fishing gear used, fish landing points, etc.

In order to harmonize the format of data collection on aquaculture production with the relevant EU standards, the Order of the Ministry of Agrarian Policy and Foodstuff of Ukraine No. 1655 of 11 September 2023 "On Approval of the Reporting Form in the Field of Aquaculture and Instructions for its Completion" was issued, which implements the requirements of Regulation (EC) No. 762/2008 of July 9, 2008 on the submission of statistical data on aquaculture by Member States.

State Agency of Ukraine for the Development of Melioration, Fisheries and Food Programs and the Ministry of Agrarian Policy and Foodstuff of Ukraine, together with experts from the EU-funded project IPRSA, are developing a draft law "On Scientific Activities and Data Management in the Field of Fisheries" aimed at implementing the requirements of Regulation (EU) 2017/1004 of the European Parliament and of the Council of 17 May 2017 establishing a Union framework for the collection, management and use of data in the fisheries sector and supporting scientific advice on common fisheries policy and related actions.

STRUCTURAL MEASURES

● *Ensure the proper management, control, auditing and reporting of the use of the EU funds.*

Order of the Cabinet of Ministers of Ukraine No. 402 of 2 May 2023 "The Strategy for the Development of the Fisheries Sector of Ukraine until 2030" sets out priorities for reforming the fisheries management system. Among other things, the objectives of this strategy include:

intensification of cooperation with the EU in the framework of the priorities of the European Maritime, Fisheries and Aquaculture Fund (EMFAF);

creation of conditions for improving the efficiency of financing the industry and attracting investments in the development of the fisheries sector;

establishment of the Fisheries Development Fund to ensure the sustainability of stocks of commercial fish species and rare and endangered water bioresources.

● *Are any structural actions in place to support small-scale fisheries and/or inland fisheries?*

The Law of Ukraine No. 2989-IX of 21 March 2023 "On Amendments to Certain Legislative Acts of Ukraine on Improving State Regulation in the Field of Fisheries, Conservation and Rational Use of Water Bioresources and Aquaculture", as well as the Resolution of the Cabinet of Ministers of Ukraine No. 1347 of 22 December 2023 "Some Issues of Special Use of Water Bioresources", introduced a transparent mechanism for exercising the right to special use of water bioresources

through electronic bidding (auctions) to create equal conditions for economic competition for fisheries entities by providing access to the right to special use of water bioresources to both traditional users and new business entities.

These acts provide for a transparent approach to the allocation of extraction limits to quotas with the further exercise of the right to extract water bioresources once a year through auctions, the possibility of issuing all necessary permits electronically and reducing corruption risks to zero.

• *What steps is the country taking to ensure the appropriate management of fisheries and aquaculture resources?*

On July 31, 2023, the Verkhovna Rada of Ukraine registered the Draft Law of Ukraine "On Ensuring Traceability of Water Bioresources and Products Made from Water Bioresources" under No. 9545, which provides for control over the circulation of fish and fish products on the Ukrainian market from the moment of their catch/importation into the customs territory of Ukraine until their sale to the end consumer, export or re-export from the customs territory of Ukraine.

State Agency of Ukraine for the Development of Melioration, Fisheries and Food Programs and the Ministry of Agrarian Policy and Foodstuff of Ukraine, together with experts from the EU-funded project IPRSA, are developing a draft law "On Scientific Activities and Data Management in the Field of Fisheries" aimed at implementing the requirements of Regulation (EU) 2017/1004 of the European Parliament and of the Council of 17 May 2017 establishing a Union framework for the collection, management and use of data in the fisheries sector and supporting scientific advice on common fisheries policy and related actions.

In addition to the above, work continues on the digitalization of the fisheries sector, the development of a concept for reforming the fisheries control system, and the organization of the fish and fish products market.

In addition, as part of the work on the implementation of the components of the Unified State Electronic Fisheries Management System, a draft resolution of the Cabinet of Ministers of Ukraine "Some issues of implementing pilot projects on concluding an agreement for the right to special use of water bioresources in fishery water bodies (parts thereof), issuing a permit for special use of water bioresources in fishery water bodies (parts thereof) (for commercial fishing, research, and other activities)" was developed. The draft resolution proposes to approve the mechanisms for concluding an agreement for the right to special use of water bioresources in fishery water bodies (their parts), issuing a permit for special use of water bioresources in fishery water bodies (their parts) (for commercial fishing, research fishing), keeping a logbook of fishery activities, issuing a receipt for accounting for harvested (caught) water bioresources in electronic form, including by means of the Unified State Web Portal of Electronic Services or the Unified State Electronic System for Management of the Fisheries Sector and Marking of Fishing Gears.

● ***What is the situation in the country regarding aquaculture?***

Article 20 of the Law of Ukraine No. 5293-VI of 12 September 2012 "On Aquaculture" defines the use of alien and non-native species of water bioresources in aquaculture.

In particular, it is noted that the use of alien and non-native species of water organisms in aquaculture is subject to ensuring that they do not spread uncontrollably to new habitats, and that there is no negative impact on the state of populations of local species of water bioresources and the functioning of water ecosystems.

Aquaculture entities shall breed and/or grow alien and non-native species of water organisms in open and/or closed aquaculture conditions on the basis of scientific and biological justification with mandatory notification of the central executive body implementing the state policy in the field of fisheries.

The scientific and biological justification for breeding and/or cultivation of a certain species from alien and non-native species of water organisms shall be developed by scientific institutions that are part of the management of the central executive body implementing the state policy in the field of fisheries, the National Academy of Sciences of Ukraine, the National Academy of Agrarian Sciences of Ukraine.

The scientific and biological justification should disclose the purpose and feasibility, determine the conditions for breeding and/or cultivation of the species, and propose measures to ensure the prevention of uncontrolled spread of the species in new habitats, the absence of negative impact on the state of populations of local species of water bioresources and the functioning of water ecosystems.

The central executive body that implements the state policy in the field of fisheries shall ensure control over the breeding and/or cultivation of alien and non-native species of water organisms in open and/or closed aquaculture conditions, which shall apply to all types of aquaculture activities, including the breeding of all types of alien and non-native water organisms, including the breeding and/or cultivation of ornamental and aquarium water organisms.

Currently, the process of drafting a law of Ukraine and bylaws aimed at implementing the requirements of EU Regulations 1380/2013 and 708/2007 is actively underway. These draft regulations are expected to be finalized by the end of 2024.

● ***Does the country provide State aid for the fisheries or aquaculture sectors, and is this in line with the relevant EU acquis? Is legislation in place in line with the aquaculture-related acquis concerning use of alien and locally absent species in aquaculture?***

The State Budget of Ukraine currently provides for the program "Financial Support for Agricultural Producers", which is intended to provide state support for

the development of livestock and agricultural processing. The procedure for the use of funds provided for in the state budget for state support for the development of livestock and agricultural processing, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 107 of 7 February 2018 “On the approval of the Procedure for the use of funds provided for in the state budget for state support for the development of animal husbandry and processing of agricultural products”, provides for partial reimbursement to business entities, in particular in the field of aquaculture, for the cost of construction of production facilities, including the cost of equipment.

Order of the Cabinet of Ministers of Ukraine No. 402 of 2 Mar 2023 “The Strategy for the Development of the Fisheries Sector of Ukraine until 2030” sets out priorities for reforming the fisheries management system. Among other things, the objectives of this strategy include:

creation of conditions for improving the efficiency of financing the industry and attracting investments in the development of the fisheries sector;

establishment of the Fisheries Development Fund to ensure the sustainability of stocks of commercial fish species and rare and endangered water bioresources.

• *What is the situation regarding international fisheries agreements? For example, does the country have Fisheries Partnership (FP) agreements with third countries and is it negotiating new such agreements? What is the scope of these agreements?*

Currently, Ukraine is a party to bilateral agreements with the Republic of Türkiye, the Kingdom of Morocco, the Islamic Republic of Mauritania, Georgia, the Socialist Republic of Vietnam, the Lebanese Republic, Iceland and Norway (trilateral joint statement), the Republic of Korea, the Republic of South Africa, the Kingdom of Spain, and the Arab Republic of Egypt. Most of these agreements cover the development of scientific and technical cooperation in fisheries and aquaculture, scientific monitoring of fisheries, and trade cooperation. The bilateral agreement with Georgia also provides for the Parties' access to each other's exclusive (maritime) economic zone for the purpose of catching water bioresources. There are currently no projects or plans to conclude new agreements in the field of fisheries.

The Draft Law of Ukraine "On Ukraine's Accession to the Agreement Establishing the General Fisheries Commission for the Mediterranean" is being prepared for submission to the Cabinet of Ministers of Ukraine.

The Draft Law of Ukraine "On Ukraine's Accession to the Agreement on Port State Measures to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing" was registered in the Verkhovna Rada of Ukraine.

• *Does the country transpose and implement the GFCM measures and decisions into its national legislation? Does the country fulfil all the GFCM*

obligations, including the reporting and data sharing?

Since Ukraine has not yet become a full member of the GFCM, the provisions of the recommendations adopted by the GFCM are partially taken into account when developing the national regulatory framework for fisheries in the Black Sea. The exchange of information on fisheries issues with the GFCM was carried out on an ongoing basis; however, due to the aggression of the Russian Federation against Ukraine and the actual suspension of Black Sea fishing for Ukraine, the exchange of such information was suspended in 2022.

• Did the country fulfil all the requirements/obligations linked to the regional fisheries management organisations (RFMOs) in which it is a contracting party or a cooperating non-contracting party?

Ukraine is currently a Party to three international organizations: The Northwest Atlantic Fisheries Organization (NAFO), the Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) and the Joint Commission for the Application of the Danube Fisheries Agreement. Ukraine fully fulfills its obligations under international treaties within the framework of international fisheries management organizations of which it is a member.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ implement the national strategy for the fisheries and aquaculture sectors development until 2030 according to its action plan, including the alignment of the national legislation with the EU acquis and adopt EU common fisheries policy objectives and principles, including for resource management, inspections and controls, and to fight illegal, unreported and unregulated (IUU) fishing

The tasks set out in the Order of the Cabinet of Ministers of Ukraine No. 402 of 2 May 2023 “The Strategy for the Development of the Fisheries Sector of Ukraine until 2030” are being implemented in accordance with the operational plan of measures for its implementation approved by this Order. In terms of legislative harmonization, the process of developing draft laws of Ukraine and bylaws aimed at implementing the requirements of EU Regulations 1380/2013, 708/2007, 1224/2009, 1005/2008 and 1010/2009, 1379/2013, 2017/1004 and related EU legislation is currently underway, which will provide a basis for the implementation of European approaches to fisheries management, in particular in terms of fisheries control, collection of fisheries data and organization of the fish and fish products market. These draft regulations are expected to be finalized by the end of 2024.

→ develop administrative and institutional capacity for the management and control of fishing activities and launch the establishment of an independent fisheries control agency based on EU Member States' best practices

State Agency of Ukraine for the Development of Melioration, Fisheries and Food Programs, together with the Ministry of Agrarian Policy and Foodstuff of Ukraine, ensures cooperation with the EU, the EU-funded project IPRSA and the FAO office in Ukraine on organizing study visits to EU member states to familiarize with the fisheries management system in such countries. Based on the results of these activities, it is planned to consider the development of a concept for institutional reform in the fisheries sector.

In addition, in order to amend legislative acts regarding the division of powers in permitting and controlling functions between the State Agency for the Development of Melioration, Fisheries and Food Programs and the fish protection bodies, a draft resolution of the Cabinet of Ministers of Ukraine "Some issues of territorial bodies of the State Agency for the Development of Melioration, Fisheries and Food Programs" was developed, which proposes to liquidate the territorial bodies of the State Agency for the Development of Melioration, Fisheries and Food Programs as structural units of the Agency and to establish territorial bodies of the State Agency for the Development of Melioration, Fisheries and Food Programs as legal entities under public law.

→ become a fully-fledged member of the General Fisheries Commission for the Mediterranean (GFCM)

The draft Law of Ukraine "On Ukraine's Accession to the Agreement Establishing the General Fisheries Commission for the Mediterranean" has been agreed with all interested executive authorities and the necessary preparatory measures are being taken to submit it to the Cabinet of Ministers of Ukraine.

Ukraine will need to develop necessary administrative and scientific capacity to systematically collect data on fisheries.

The Law of Ukraine No. 2989-IX of 21 March 2023 "On Amendments to Certain Legislative Acts of Ukraine on Improving State Regulation in the Field of Fisheries, Conservation and Rational Use of Water Bioresources and Aquaculture" was adopted, which provides for the introduction of the Unified State Electronic Fisheries Management System, through which, among other things, industrial activities will be monitored and managed, permits will be issued, and data on fisheries and aquaculture will be collected.

The Order of the Cabinet of Ministers of Ukraine No. 802 of 15 September 2023 "Some Issues of State Scientific Institutions Under the Management of the State Agency of Ukraine for the Development of Melioration, Fisheries and Food

Programs" established the State Scientific Institution "Institute of Fisheries, Marine Ecology and Oceanography".

The State Agency of Ukraine for the Development of Melioration, Fisheries and Food Programs and the Ministry of Agrarian Policy and Foodstuff of Ukraine, together with experts from the EU-funded project IPRSA, are developing a draft law "On Scientific Activities and Data Accounting in the Field of Fisheries" aimed at implementing the requirements of Regulation (EU) 2017/1004 of the European Parliament and of the Council of May 17, 2017, establishing a Union framework for the collection, management and use of data in the fisheries sector and supporting scientific advice on common fisheries policy and related actions.

In addition, in cooperation with the FAO office in Ukraine and the EU, the implementation of the project to reform Ukrainian fisheries science is currently being discussed, which includes technical support for the state scientific institution "Institute of Fisheries, Marine Ecology and Oceanography" and training for its researchers.

In order to harmonize legislation and harmonize the system of fisheries data collection in the field of aquaculture, the Ministry of Agrarian Policy and Foodstuff of Ukraine issued Order No. 1655 of 11 September 2023 "On Approval of the Reporting Form in the Field of Aquaculture and Instructions for Its Completion", which implements the requirements of EU Regulation No. 762/2008.

Adopt mechanisms to achieve a balance between fishing capacity and fishing opportunities.

Currently, the mechanisms and procedures for ensuring a balance between fishing capacities and fishing opportunities in Ukrainian legislation are regulated by limiting the number of fishing gear. At the same time, the mechanisms for ensuring the balance provided for in Article 22 of EU Regulation No. 1380/2013 need to be implemented in Ukraine. Currently, the process of drafting a law of Ukraine and bylaws aimed at implementing the requirements of EU Regulation 1380/2013 is actively underway. The relevant draft regulations are expected to be finalized by the end of 2024.

Take measures to assess and reduce the environmental impact of fishing activities.

In order to prevent negative environmental impacts from commercial fishing, scientific research is conducted annually on the state of populations of commercial fish species, the development of the feed base, the impact of abiotic factors, including climate change and anthropogenic activities, which is used to regulate the fisheries industry and set limits for commercial fishing.

Also, a set of measures is taken annually to restore the biodiversity of water

bioresources, including stocking water bodies with juveniles, valuable, rare, endangered species, and fish biomeliorators (silver carp, grass carp), and meliorative measures to increase the natural reproduction of populations (installation of artificial spawning grounds, clearing of natural spawning grounds, etc.)

In addition, fishing regulations and fishing regimes establish technical measures aimed at preserving water bioresources during fishing, and the Law of Ukraine "On Aquaculture" establishes standards for the management of alien and locally absent species to ensure safe handling of such activities and prevent negative effects of such species on natural biocenosis.

Ukraine needs to harmonise its fleet registers with the EU fishing fleet register.

Currently, the State Service of Maritime and Inland Water Transport and Shipping of Ukraine is responsible for ensuring the safety of navigation of fishing vessels, including the maintenance of the State Ship Register of Ukraine and the Ship Book of Ukraine. In this regard, the State Agency of Ukraine for the Development of Melioration, Fisheries and Food Programs and the Ministry of Agrarian Policy and Foodstuff of Ukraine are working on a mechanism to create a separate fishing fleet register and ensure its harmonization with the EU fishing fleet register.

A dedicated public body for fisheries control will need to be created in line with best EU practices. Improvements will be needed around control data, as well as in standards, strategies and risk assessment for inspection. Electronic monitoring capacity of the fishing fleet should be improved, including on fishing in the high seas. The overall sanctioning system should be dissuasive, proportionate and effective.

The State Agency of Ukraine for the Development of Melioration, Fisheries and Food Programs and the Ministry of Agrarian Policy and Foodstuff of Ukraine, is cooperating with the EU, the EU-funded project IPRSA, and the FAO office in Ukraine to organize study visits to EU member states to familiarize with the fisheries management system in such countries. Based on the results of these activities, it is planned to consider the development of a concept for institutional reform in the fisheries sector.

The process of developing draft laws of Ukraine and bylaws aimed at implementing the requirements of EU Regulations 1380/2013, 1224/2009, 1005/2008 and 1010/2009, which will provide a basis for the implementation of European approaches to fisheries management, in particular in terms of fisheries control, is actively underway. These draft regulations are expected to be finalized by the end of 2024.

Resolution of the Cabinet of Ministers of Ukraine No. 153 9 February 2024 "On Approval of the Regulation on Monitoring Fishing Vessels and the Procedure for the Operation of the Remote Monitoring System for Fishing Vessels". The remote control system will cover 100% of Ukraine's fishing fleet, including small-scale fishing vessels, which is in line with the latest changes in the EU fisheries control system.

In order to modernize the existing sanctions system and improve it to be convincing, proportionate and effective, Resolution of the Cabinet of Ministers of Ukraine No. 1042 of 29 September 2023 "On Approval of Tariffs for Calculating the Amount of Damage Caused by Violation of Fisheries Legislation as a Result of Illegal Extraction (catching), Destruction or Damage to Water Bioresources, as well as Illegal Destruction or Deterioration of the Habitat of Water Bioresources" was adopted.

Also, on July 31, 2023, the Verkhovna Rada of Ukraine registered the Draft Law of Ukraine "On Amendments to the Code of Ukraine on Administrative Offenses to Establish Liability in the Field of Traceability of the Origin of Water Bioresources and/or Products from Them" under No. 9546.

Ukraine needs to improve the implementation of its legislation specific to aquaculture in line with the EU acquis and implement it.

A draft law of Ukraine and bylaws aimed at implementing the requirements of EU Regulations 1380/2013 and 708/2007 are currently being developed, which will provide a framework for the implementation of European approaches to regulating aquaculture activities and the use of alien species in aquaculture. These draft regulations are expected to be finalized by the end of 2024.

In order to harmonize legislation and harmonize the system of fisheries data collection in the field of aquaculture, the Ministry of Agrarian Policy and Foodstuff of Ukraine issued Order No. 1655 of 11 September 2023 "On Approval of the Reporting Form in the Field of Aquaculture and Instructions for Its Completion", which implements the requirements of EU Regulation No. 762/2008.

Specific market rules should be developed, similar to the ones provided in the EU common market organisation regulation for fishery and aquaculture products, are to be developed. No specialised legal acts regulate the creation of registered fisheries producer associations.

Currently, the process of drafting a law of Ukraine aimed at implementing the requirements of EU Regulation 1379/2013 is actively underway, which will provide a basis for the implementation of European market standards in the fisheries sector. The relevant draft law of Ukraine is expected to be finalized by the end of 2024.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

**CLUSTER 5: Resources,
Agriculture and Cohesion**

**CHAPTER 22 – Regional Policy &
Coordination of Structural
Instruments**



У К Р А І Н А



Є В Р О П А

Legislative framework

● *What is the degree of readiness of the country with the enabling conditions as set out in CPR, in particular the four horizontal ones (EU Charter of Fundamental Rights, United Nations Conventions on Persons with Disabilities, public procurement, state aid) and the 16 thematic ones (smart specialisation strategy, energy efficiency, waste management, etc)? What is the progress from the previous year?*

The Law of Ukraine “On Ensuring Equal Rights and Equal Opportunities of Women and Men” was adopted in 2005 as a key law on gender equality and women’s empowerment.

The Law provides for the legal framework of men and women’s parity in all spheres of social life through providing legal support for equal rights and opportunities, removal of gender-based discrimination and prevention of imbalance between women’s and men’s opportunities in implementing the rights granted to each of them by the Constitution and other laws.

The full-scaled military invasion of the Russian Federation to Ukraine in 2022 has deepened the gender gaps and discrimination. Despite the challenges arising from the full-scale Russian invasion of Ukraine, the Parliament and the Government continued demonstrating a consistent commitment to the gender equality agenda as part of EU integration, including developing and/or approving the legislative and policy framework.

To respond to these impacts and perform early recovery in a way, that all diverse groups of men and women benefit equally, the gender legal framework should be updated.

Considering all these changes and developments, the Parliament, the Government, and the women’s NGOs considered it important to revise the Law of Ukraine “On Ensuring Equal Rights and Equal Opportunities of Women and Men” to bring it in line with the current situation.

As a follow-up of the Commission for Gender Equality thematic meeting on 12 June 2023 on domestic violence during the war, the Deputy Prime Minister for European and Euro-Atlantic Integration of Ukraine issued the Resolution, which determined the need to update the Law of Ukraine “On Ensuring Equal Rights and Equal Opportunities of Women and Men”.

To implement the Resolution, a Working Group has been created by the Office of Government Commissioner on Gender Equality Policy to draft amendments to the Law, which will include provisions on ensuring equal rights and opportunities for women and men in the development of communities, territories and infrastructure.

It is worth mentioning that while the State Regional Development Strategy until 2027 and Ukraine Plan were updated/ developed the gender principle was a core one to ensure social cohesion and integrity at the subnational and local level. Thus, the both documents envisages gender-sensitive planning and service delivery, gender budgeting at the regional and local levels, and ensuring the participation of different groups of women and men in decision-making, and measures to prevent and combat gender-based violence, including through cooperation with regional and local women's organizations.

• ***Referring to some core legislative elements of the cohesion policy framework (CPR, ERDF & ETC regulations), what is the degree of readiness regarding:***

◦ ***The respect of the European economic governance rules, particularly the European Semester of economic policy coordination, as set out in the CPR.***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

◦ ***The Just Transition Mechanism implemented under cohesion policy and the Just Transition Fund as one of the pillars of the cohesion policy (cf. dedicated regulation)***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

◦ ***The Urban Agenda for the European Union and the European Urban Initiative.***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

◦ ***The availability of the territorial cohesion and development tools (in particular integrated and sustainable territorial and local development, empowerment of local and territorial bodies and territorial cooperation).***

Intermunicipal cooperation still remains one of key elements for increasing the capacity of local governments, including financial ones, as well as instruments of peer-to-peer exchange of information and best practices. During the years 2023-2024, local self-governments have concluded more than 200 intermunicipal cooperation agreements (52 in first quarter of 2024), such as education, health care, urban planning and design prevail.

To stimulate the best practice exchange among regions and communities, the The Ministry for Communities, Territories and Infrastructure Development of Ukraine (hereinafter - the MCTID) has initiated the development of a digital Register

on Agreements on Intermunicipal Cooperation that will be launched at the end of April 2024, at the MCTID website.

To update the legislative framework the draft Law of Ukraine "On Amendments to some laws of Ukraine on Improving the Participation of Local Self-Government in inter-territorial and cross-border cooperation" (№9450, MPs draft), was registered in June 2023, and now draft law prepared for the second reading in the Parliament.

The Draft Law is aimed at improving the legal framework for the participation of local self-government in Ukraine in the field of inter-territorial and cross-border cooperation, bringing the national legal base in the field of inter-territorial and cross-border cooperation into compliance with European rules, expanding the powers of subjects and participants of inter-territorial and cross-border cooperation and settling financial support issues for such cooperation.

The passage of the legislation is necessary to settle several problems that currently exist in the field of inter-territorial and cross-border cooperation, in particular, such as:

- lack of relevant powers of local self-government bodies;
- unsettled definition of the concepts of cross-border, interregional, inter-territorial and border cooperation;
- inconsistency of goals and priorities of the state and the regional strategies of regional development with the state and regional programs for the development of cross-border cooperation;
- the absence of norms that define a standard form of agreement and a statute for the establishment of certain forms of cross-border cooperation;
- limitation of powers of central executive bodies and subjects of cross-border cooperation in particular, regarding the search and attraction for sources of adequate financial support for cross-border cooperation.

○ *The application of the principle of partnership at all stages: designing, programming, implementation and evaluation; and at all levels: national, regional and local.*

○ *The achievements of the Sustainable development goals (SDGs), both through their integrated and crosscutting policy approach and their means of implementation (sustainable development horizontal principle, thematic interventions, partnership, resilience and multi-level governance approach as well as ownership of local governments).*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *What is the degree of alignment of national legislation with EU acquis*

regarding anti-discrimination, equal opportunities between men and women, gender principle, disability; public procurement; state aid; environmental legislation to environmental impact assessment (EIA) and strategic environmental assessment (SEA); statistical systems and identification of regions (NUTS classification)? What is the progress from the previous year?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *What is the degree of coordination with both Chapter 5 Public procurement and Chapter 32 Financial Control in cluster 1, both Chapter 2 Free movement of workers and Chapter 8 Competition policy in cluster 2, the negotiation results in the Public administration reform area and the institutional set up, Chapter 14 Transport, Chapter 15 Energy, Chapter 21 Trans-European Networks or Chapter 27 Environment? What is the progress from the previous year?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• *What is the state of play in adaptation of the national legislative framework and, where appropriate sub-national (regional and/or local) administrative acts:*

- to allow multi-annual budgeting (enabling national co-financing) and budgets flexibility (transferring of budgets between projects, programmes and years),

- to ensure set up of financial control and independent internal audit structures in all public bodies, at national or sub-national levels.

If the national legislative framework is not fully adapted - what are the obstacles and measures/actions to be taken to progress?

All changes to legislative framework are presented in the chapter devoted Enragement Report and just duplicated in this session.

To ensure the implementation of provision of the Law on the basics of the state regional policy and the synchronization of the state regional policy and recovery policy the following secondary legislation was adopted.

1. The Procedure of development of the State Regional Development Strategy and the Action plan for its implementation, and on the monitoring of their implementation (adopted by the Government Resolution № 817 on August 4, 2023). The draft of the new edition of the State Regional Development Strategy until 2027 was prepared based on that Procedure. It already passed the consultations with the stakeholders and submitted to the Government for consideration in April 2024.

2. The Procedure for the monitoring of state regional policy as well as the Procedure for the evaluation of the state regional policy implementation (adopted by the Government Resolution № 305 on March 15, 2024). The

monitoring procedure envisaged engagement of local self-government association in assessment of implementation of the policy. The monitoring procedure proposed the list of indicators to track the development of the regions and territorial communities at the quarterly bases and indicators for annual monitoring procedure based in such areas as: economic efficiency, investment and innovative development, financial autonomy, digital development, labour market effectiveness, infrastructure development, social cohesion, energy efficiency, environment protection, cultural development, health and education.

3. The new Procedure for the development of draft regional strategies for development and their implementing action plans as well as for the monitoring of their implementation and the Procedure for providing of Opinion on compliance of draft regional strategies for development and their implementing action plans to the strategic goals and priorities, defined by State Regional Development Strategy (initiated by the MCTID and adopted by the Government Resolution № 816 on August 4, 2023).

4. The Procedure for the functioning of the unified geoinformation system for monitoring and evaluation of the development of regions and territorial communities (adopted by the Government Resolution № 522 on May 23, 2023). The Geoinformation system (GIS) for monitoring and evaluation of the development of regions and territorial communities as the digital tool was developed and publicly presented in March 2024. Testing of the GIS will be launched in early June 2024.

5. The Procedure for the restoration territories (one of the functional types of the territories envisaged by the Law on the basics of the state regional policy) as well as the Procedure for developing, implementing, and monitoring the plan for the restoration and the development of regions and plans for the restoration and the development of territorial communities. (adopted by the Government Resolution № 731 on July 18, 2023). According to the Resolution, the territorial community belongs to the restoration territory provided that at least one of the following criteria is met:

- 1) hostilities took place on the territory of the territorial community;
- 2) the territory of the territorial community or its part was temporarily occupied;
- 3) there is destruction of critical and social infrastructure objects, housing stock objects as a result of hostilities and/or shelling on the territory of the territorial community;
- 4) the territory of the territorial community is characterized by a significant movement of the population to other regions and/or other states and a sharp deterioration in the level of socio-economic development.

- ***Are the transparency requirements met?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Institutional framework

- **What is the current institutional framework for management of EU funds? Do management authorities have experience in indirect and shared management?**

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- **Are representative associations of local authorities organically and systematically involved in policy design, decision-making, implementation, monitoring and evaluation?**

The Law of Ukraine "On Associations of Local Self-Government" (hereinafter - the Law on Associations) defines the legal principles of the organization and activity of associations of local self-government bodies and their voluntary associations, their mutual relations with state bodies and local self-government bodies in accordance with the Constitution of Ukraine, the Law of Ukraine "On local self-government in Ukraine" and other laws.

Articles 17-20 of the Law define the principles of interaction of associations with state bodies, namely: forms of interaction; mechanism of conducting consultations on draft legislation on issues related to local and regional development; peculiarities of conducting consultations regarding the draft law on the State Budget of Ukraine.

In particular, in accordance with Article 20 of the Law on Associations, by February 15 of the year preceding the planned budget period, all Ukrainian associations of local governments shall submit joint proposals to the Cabinet of Ministers of Ukraine regarding the consideration of local and regional interests in the preparation of the Budget Declaration. The results of these consultations with all-Ukrainian associations are formalized in a protocol, which is attached to the draft law on the State Budget of Ukraine, submitted by the Cabinet of Ministers of Ukraine to the Verkhovna Rada of Ukraine.

The Rules of Procedures of the Cabinet of Ministers of Ukraine, approved by the Government Resolution № 950 of July 18, 2007 (hereinafter - Rules of Procedures), provide that an authorized representative of associations with the right of an advisory vote may participate at a meeting of the Cabinet of Ministers during consideration of issues related to the functioning of local self-government, the rights and interests of territorial communities, local and regional development (clause 4 § 18).

Paragraph 7 § 33 of the Rules of Procedures stipulates that during the preparation of the draft act of the Cabinet of Ministers on issues related to the functioning of local self-government, the rights and interests of territorial communities, local and regional development, such a draft legislation must be sent to associations of local self-government bodies.

Thus, there is a legal and regulatory framework in which representative associations of local self-government are organically and systematically involved in the decision-making process ensuring that the rights and interests of territorial communities are presented and taken into account.

At the same time, it needs to be mentioned that line Ministries, including the MCTID, are involving association of local self-governments in the early stages of the policy development (before official consultations). Representatives of associations are part of the ad-hoc working groups when the concept of legal act is developing, - such approach was used while working on the Decentralization Action Plan, updating of the State Regional Development Strategy.

The MCTID starting from the late 2023 on the quarterly regular basis are conducting meetings with every of four associations of local self-governments, to discuss the most urgent issues and challenges they are facing. Such collaborative approaches enhance the coordination between the MCTID and local self-governments, as well as communication and outreach on state policy developed and implemented.

• Does a coordination mechanism among the authorities involved in the management of EU funds and the financial assistance exist? If yes, what is the performance of the institutional body/ies empowered to coordinate authorities involved in the management of EU funds – constrains and measures to be taken? Is there clear segregation of functions and definition of tasks and responsibilities of the bodies involved. If not, what needs to be further done?

Ukraine is now working on the mechanism of allocation of the funds available under the Ukraine Facility. For this purpose the MCTID prepared and in March 2024 started the consultations with local self-government associations on the draft Concept Note on Financial Management of Funding Dedicated to the Recovery, Reconstruction and Modernisation Needs of Ukraine`s Subnational Authorities, in particular local self-government associations.

The State Regional Development Strategy names the State Fund for Regional Development and the Fund for Addressing the Consequences of Armed Aggression among its funding vehicles.

In this regard, it should be noted that under Article 24¹ of the Budget Code of Ukraine, the State Fund for Regional Development (hereinafter - the RDF) is created as a part of the State Budget of Ukraine. Its resources are used for the implementation of the priorities identified by the Strategy via the programmes and projects submitted

by the regional and local level stakeholders. Notably, in the Law of Ukraine “On the State Budget of Ukraine for 2024” the RDF does not appear. Therefore, this Law need modification in order to enable operational capacity of this budgetary facility for the allocation of funding. The developed draft amendments to reinstate the RDF as a budgetary facility allocating the Ukraine Facility funding to Ukraine`s sub-national authorities are attached to the mentioned above draft Concept Note as Annex 4.

The Ukraine Facility funding to the amount equivalent to at least 20% of the non-repayable financial support referred to in Article 6(1)a of the Regulation will be ring-fenced in the Regional Development Fund to be exclusively allocated for the recovery, reconstruction and modernisation needs of Ukraine`s sub-national authorities, in particular local self-government. There will also be a possibility to rely on similar financial support from other international partners of Ukraine that such international partners wish to direct to meet the similar needs of Ukraine`s sub-national authorities in the framework of the Regional Development Fund.

The MCTID is working on developing other legislative interventions to improve the efficiency, transparency and accountability of the Regional Development Fund procedures and regulations including programme and project selection elements. The expected result of this assignment is the draft amendments to the Budget Code of Ukraine, the Law of Ukraine “On the State Budget of Ukraine for 2024”, the Government's Regulation “On Certain Matters of the State Fund for Regional Development”. These legislative interventions will allow, among other things, to:

(i) rely on the Regional Development Fund as a budgetary facility for the allocation of the funding support provided by the EU and other Ukraine`s international partners to address Ukraine`s recovery, reconstruction and modernisation needs at the regional and local levels;

(ii) unify the requirements applicable to the development, and implementation of the territorial community/oblast recovery strategies and action plans;

(iii) formulate the coherent criteria for the selection, prioritization and funding of the qualifying programmes and projects complying with the local and regional strategic documents and policies; and

(iv) develop consolidated criteria applicable to the monitoring of the implementation of the selected programmes and projects. In this regard, the MCTID seeks to mandate monitoring and evaluation activities that look at the outputs, outcomes and impact of the programmes proposed by the subnational authorities and funded through the Ukraine Facility.

The required legislative amendments including modifications to the Budget Code of Ukraine and the budget law of 2024 are expected to be developed by summer 2024. The Regional Development Fund after the adoption of these modifications can be relied on as a budgetary facility for the allocation of the

Ukraine Facility funding to the recovery, reconstruction and modernisation needs of Ukraine`s sub-national authorities, in particular local self-government.

Administrative capacity

• Are the current administrative capacities for the implementation of EU funds sufficient? Is there a high turnover of staff? If yes, what measures are foreseen?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• What are the current recruitment and mobility systems in place? Are they merit-based, fair and transparent? What is the progress in respect to retention policy and measures foreseen by country X to ensure expertise and experience in administrative bodies involved in the management and implementation of EU Funds?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Are there administrative capacity building roadmaps in place for all the involved institutions?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• What is the current practice in implementation of training plans for developing management capacity, project management, public procurement, evaluation capacity and financial management and control in authorities involved in the management of EU funds?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Is there an established training institution? Are sufficient human and nad financial resources at its disposal?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Are quality governance practices, institutions and institutional practices duly considered as administrative capacity? More generally speaking, does administrative capacity involve a complex ecosystem of actors – from multiple

levels of government, to private firms and non-profit entities?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Have the management and control systems developed their administrative capacities accordingly?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Are there effective measures in place to prevent corruption and misuse of public funds?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Programming

● *Are there mechanisms to ensure that the programmes only finance quality projects that are fully aligned with EU key objectives and demonstrating EU value added, based on a mind-set of investment, competitiveness, convergence and structural improvement?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *What is the progress with strategic design of the regional development policy? Are sectors related strategies and planning/programming documents at national, regional and local levels aligned? Are the funds allocated and spent proportional? Are chosen implementation modalities effective in terms of demonstrating the socio-economic impact on least favored regions?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Are there programming mechanisms to ensure that the relevant urban, territorial and local actors are involved in the process and their development needs and potential are taken into account?*

While working on the updating State Regional Development Strategy and synchronizing with other sectoral policies, the MCTID found out that the system of planning documents at the subnational and regional level should be streamlined and upgraded:

- documents of strategic planning (under the regional policy pillar, namely regional strategies and strategies for territorial development)
- documents of spatial planning (comprehensive plan for spatial development of the territory of community, comprehensive recovery programme and recovery plan, and concept of integrated development of the territory)
- documents of medium-term budgeting and financing.

In December 2023 the MCTID drafted Concept of new architecture of planning documents and started a consultation process with line Ministries (MoE, MoF, Digital transformation) as well as with subnational and local government, and local self-government associations to finalize the approach. The process of public consultation is envisaged till the end of April 2024.

Draft Concept implementation will require the changes to the legislation as well as capacity building programmes in place to increase the awareness and applicability of new/ updated planning documents.

• Is the regional development policy framework fully established and operational? Is the strategic planning of the regional development policy involving competent regional, local, urban and other public authorities, economic and social partners and other relevant bodies representing civil society, including environmental partners, non-governmental organisations and bodies responsible for promoting social inclusion, gender equality and non-discrimination, including, where appropriate, the umbrella organisations of such authorities and bodies? Are there formal consultation mechanisms? If not, what are obstacles and measures foreseen?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• What is the progress of development/implementation of a pipeline of mature investment projects in order to ensure absorption under the Funds? Are environmental impact assessments being carried out routinely?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Are regional statistics available for the classification of territorial units and as the basis for regional boundaries and geographic eligibility?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Is communication an integral part of the whole programme and project

cycle of EU fund management?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Monitoring and evaluation

● *What is the progress with development of monitoring and evaluation system for the implementation of EU funds, including the set-up of an electronic Management and Information System (MIS)?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Are E-cohesion principles adopted and electronic procedures introduced; through automatic and systematic up-dates, upgrades and interoperability of the national databases?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Are there administrative capacities for adequate monitoring and evaluation?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Is the frequency of monitoring and evaluation exercises sufficient?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Are the recommendations of such exercises duly followed? Are the results of evaluations duly factored in new programming cycles?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Financial management, control and audit

● *To ensure an appropriate balance between the effective and efficient implementation of the Funds and the related administrative costs and burdens, are the frequency, scope and coverage of management verifications by the country based on a risk assessment that takes into account factors such as the number, type, size and content of operations implemented, the beneficiaries as well as the*

level of the risk identified by previous management verifications and audits?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Does managerial accountability focus equally on compliance and performance?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Is the legal framework for the functioning of internal control in place at all levels of government and a countrywide management information system for risk management, internal control and monitoring and reporting of the financial management and control activities in an advanced stage of development?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Are the verifications and audits tailored to the financing schemes?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Do the audit authorities' audit opinions provide assurance to the Commission on three points, namely the legality and regularity of the declared expenditure, the effective functioning of the management and control systems and the completeness, accuracy and veracity of the accounts?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Is audit work carried out in accordance with internationally accepted audit standards?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

• Is the principle of single audit duly considered and is proportionality in relation to the level of risk to the budget of the Union ensured in terms of audits and management verifications?

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Are there specific arrangement for the management verifications and audits of financial instruments?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

Decentralization reform agenda

Continuation of the decentralization reform is one of the priority tasks of the MCTID. For the further implementation of the reform, taking into account the new challenges that have arisen in connection with the full-scale military aggression of the Russian Federation against Ukraine, as well as Ukraine's acquisition of the status of a candidate for membership in the European Union, the Action Plan for Reforming Local Self-Government and Territorial Organization of Power in Ukraine for 2024-2027 was approved by the Government's Regulation № 270 on March 26, 2024 (hereinafter – the Action Plan).

The Action Plan was developed and consulted with local self-government associations, and provides for 9 tasks, for the implementation of which 34 detailed actions are proposed with defined deadlines and responsible for their implementation. The Action Plan was synchronized with the Ukrainian Plan for 2024-2027, and draft State Regional Development Strategy till 2027 (under the consideration of the Government).

In particular, the following tasks have been defined:

- reformatting of the local state administrations into prefecture-type bodies and launching of the oversight mechanism over the legality of the local self-government;
- restoration of the functioning of local self-government bodies and executive authorities in the de-occupied territories, and clear definition of criteria military administrations to be set up;
- delineation of powers between executive bodies and local self-government bodie, as well as between different layers of local self-government according to the principle of subsidiarity;
- strengthening of the financial capacity of local self-government bodies to ensure the exercise of powers defined by legislation;
- formation of a professional competitive local self-government service;
- creation of preconditions for residents' involvement in decision-making;
- strengthening the institutional capacity of local self-government associations;

- enshrining the results of the reform of local self-government and territorial organization of power in the Constitution of Ukraine.

Multi-level governance

Oversight mechanism over the legality of local governments decisions, in accordance with the European Charter of Local Self-Government

The MCTID supports in the Verkhovna Rada of Ukraine the draft Law of Ukraine "On Amendments to the Law of Ukraine "On Local State Administrations" and some other legislative acts of Ukraine on the reform of the territorial organization of the executive power in Ukraine" (reg. No. 4298).

During 2023, a series of consultations was held with the participation of the leadership of the MCTID, MPs, representatives of the local self-government associations, international and Ukrainian experts under the moderation of the Council of Europe (Strasbourg, Lviv and Kyiv).

On February 22, 2024, the LG Committee of the Verkhovna Rada of Ukraine approved the draft Law No. 4298 in the second reading and recommended to the Verkhovna Rada of Ukraine to adopt it in the second reading and as a whole. Taking into account an interest in the draft law from local self-governments and its associations, the MCTID initiated additional consultations on draft law (version adopted by the LG Committee) during the second decade of March 2024, to finalize the proposals and suggestions to the draft Law No. 4298.

Separation of powers between the executive and local self-governments and creation of appropriate internal structures of municipal administrations

The MCTID in January 2024 has developed proposals on the conceptual basis for delineation of the competence of the state and local self-government, the principles and conditions for delegation of the powers to local self-government. The draft Concept was presented and discussed during the meeting of the expert group devoted to legislative support for decentralization in January-February 2024.

In March 2024 the MCTID initiated the consultation of the draft Concept with associations of local self-government. According to the Action Plan, the MCTID is planning to present the draft concept to Cabinet consideration in June 2024.

Continue work on granting legal personality to municipalities governed by public law, based on European practice

According to the Ukraine Plan, it is planned to carry out a study on the possibility of granting territorial communities the status of a legal entity by the II quarter of 2025. Currently, consultations with technical assistance projects and programs on the provision of expert support in conducting the relevant research are ongoing.

Information on anti-corruption mainstreaming

Chapter 22 – Regional policy & coordination of structural instruments: Include necessity to have transparent and objective rules for managing Structural Funds and Cohesion Fund programmes including adequate administrative capacity to ensure sound and cost-effective management and financial control.

Since 2023, the MCTID has worked closely with the European Union Anti-Corruption Initiative in Ukraine (EUACI). The context in which the EUACI is working has changed radically since the beginning of the full-scale war. Now among the four main pillars of the EUACI work is the task to facilitate that upcoming reconstruction (and current humanitarian) aid is managed and utilized with respect for integrity, transparency, and accountability.

In March 2024, the MCTID and the EUACI signed a Memorandum of Understanding for the next three years confirming the intentions of both parties to continue joint efforts to implement the best practices of accountability, transparency, integrity and good governance in the process of recovery and reconstruction.

To implement the Memorandum, the EUACI established a compact Integrity Support Group (hereinafter - ISG) consisting of several experts fully embedded into the MCTID's work. The ISG provides integrity and good governance expertise and advice in sectors relevant for the Ministry's mandate, including the state regional policy. Another initiative supported by EUACI is implementation of a unified geo-information system for monitoring and evaluating the development of regions and territorial communities.

On October 5, 2023, the Anti-Corruption Program of the MCTID for 2023-2025 was approved. The Anti-corruption Program is an important component of implementing effective anti-corruption compliance and is also aimed at enabling the MCTID to focus on its functions and relations with third parties without any corruption, financial, reputational or other risks.

This document defines the dedication of the employees of the MCTID to the principles of transparency and integrity and establishes the anti-corruption orientation of the MCTID through responsible, consistent, ethical and understandable actions of its employees.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

→ update the State Strategy of Regional Development and modernise the State Fund for Regional Development to align them with the recovery and reconstruction process, principles of multi-level governance and a territorially based regional policy

The updated State Regional Development Strategy until 2027 has been developed by the MCTID, with engagement of the line ministries, subnational and local governments and independent experts (more than 300 experts within 7 ad-hoc working groups) to ensure exclusive and comprehensive approach.

Since 2022, there have been a number of developments that had a significant impact on the socio-economic development of the regions. Among the key ones are the following: (1) the full-scale Russian invasion on 24 February 2022, which led to the temporary occupation of part of Ukraine's territory, significant destruction of infrastructure and natural ecosystems, millions of internally displaced persons (hereinafter – "IDPs"), and a record economic decline; (2) granting Ukraine the status of the EU candidate on 23 June 2022.

The purpose of the updated State Regional Development Strategy is to strengthen the socio-humanitarian, economic, and spatial cohesion of Ukraine, increase the level of security and welfare of its citizens by rebuilding infrastructure and modernizing the economy based on the "build back better" principle, effectively utilizing the inner potential of the territories, and developing a democratic, decentralized, and inclusive multi-level governance system.

The top priorities for regional development for the period up to 2027 are: (1) creating security and socio-economic conditions for the return of Ukrainians to the regions and territorial communities; (2) recovering and developing the infrastructure based on the principles of transparency, accountability, sustainability, inclusiveness, energy efficiency, climate change adaptation, resilience to security threats and economic feasibility; (3) developing the institutional capacity of territorial communities and regions in the areas of strategic planning, project management, digitalisation, and anti-corruption; (4) developing human capital, recovery of entrepreneurial activity and economic growth based on the internal potential of territories and regional smart specializations; (5) developing multi-level governance, harmonizing the regional development management system with EU procedures and best practices; (6) involving the public in decision-making at the national, regional and local levels; (7) restoring the balance of ecosystems affected by the armed aggression of the Russian Federation; (8) building partnerships, developing inter-municipal, inter-regional and cross-border cooperation.

The draft State Regional Development Strategy after consultation and outreach was presented to the Cabinet of Ministers of Ukraine. The document passed the relevant governmental Committee late March 2024. Adoption of the draft Strategy is expected in April 2024.

→ adopt necessary measures to bring into practice the law on principles of regional policy, in particular given the varying impact of the war on Ukrainian regions; and strengthen the capacity of regional and local administrations to prepare related development projects

To ensure the implementation of provision of the Law on the basics of the state regional policy and the synchronization of the state regional policy and recovery policy the following secondary legislation was adopted.

1. The Procedure of development of the State Regional Development Strategy and the Action plan for its implementation, and on the monitoring of their implementation (adopted by the Government Resolution № 817 on August 4, 2023). The draft of the new edition of the State Regional Development Strategy until 2027 was prepared based on that Procedure. It already passed the consultations with the stakeholders and submitted to the Government for consideration in April 2024.

2. The Procedure for the monitoring of state regional policy as well as the Procedure for the evaluation of the state regional policy implementation (adopted by the Government Resolution № 305 on March 15, 2024). The monitoring procedure envisaged engagement of local self-government association in assessment of implementation of the policy. The monitoring procedure proposed the list of indicators to track the development of the regions and territorial communities at the quarterly bases and indicators for annual monitoring procedure based in such areas as: economic efficiency, investment and innovative development, financial autonomy, digital development, labour market effectiveness, infrastructure development, social cohesion, energy efficiency, environment protection, cultural development, health and education.

3. The new Procedure for the development of draft regional strategies for development and their implementing action plans as well as for the monitoring of their implementation and the Procedure for providing of Opinion on compliance of draft regional strategies for development and their implementing action plans to the strategic goals and priorities, defined by State Regional Development Strategy (initiated by the MCTID and adopted by the Government Resolution № 816 on August 4, 2023).

4. The Procedure for the functioning of the unified geoinformation system for monitoring and evaluation of the development of regions and territorial communities (adopted by the Government Resolution № 522 on May 23, 2023). The Geoinformation system (GIS) for monitoring and evaluation of the development of regions and territorial communities as the digital tool was developed and publicly presented in March 2024. Testing of the GIS will be launched in early June 2024.

5. The Procedure for the restoration territories (one of the functional types of the territories envisaged by the Law on the basics of the state regional policy) as well as the Procedure for developing, implementing, and monitoring the plan for the restoration and the development of regions and plans for the restoration and the development of territorial communities. (adopted by the Government Resolution № 731 on July 18, 2023). According to the Resolution, the territorial community belongs to the restoration territory provided that at least one of the following criteria is met:

- 1) hostilities took place on the territory of the territorial community;
- 2) the territory of the territorial community or its part was temporarily occupied;
- 3) there is destruction of critical and social infrastructure objects, housing stock objects as a result of hostilities and/or shelling on the territory of the territorial community;
- 4) the territory of the territorial community is characterized by a significant movement of the population to other regions and/or other states and a sharp deterioration in the level of socio-economic development.

→ strengthen the coordination framework within regional policy to ensure systematic and inclusive engagement of regional and local stakeholders, a coordinating role for the Ministry for Restoration, and an adequate regional angle for the Agency of Restoration

The MCTID on March 28, 2024, with the support of the U-LEAD Project and Delegation of EU in Ukraine, held a strategic session on improving the coordination mechanism for the formation and implementation of state regional policy (with the participation of OECD representatives and international experts).

To enhance the coordination between central and subnational authorities while developing, implementing, monitoring, and evaluation of the State Regional Development Strategy, the MCTID developed draft amendments related to the work of the Interministerial Coordination Commission on regional development (amendments to the Government's Resolution № 714 on September 16, 2015). The adoption of the amendments will provide clarity on the functions and mandate of the Commission as well as the composition of the Commission, involving representatives of the associations of local self-governments and the Agency of Restoration. The process of internal consultations on the draft Resolutions was launched at the beginning of April 2024.

The MCTID developed the proposal on the Procedures for the monitoring of state regional policy as well as the Procedure for the evaluation of the state regional policy implementation (adopted by the Government Resolution № 305 on March 15, 2024). The possibility of participation of local self-government associations in monitoring the implementation of state policy is foreseen.

To align state regional policy with other sectoral policies, and ensure the synchronization of policy instruments in line with the State Regional Development Strategy, the MCTID initiated and adopted a Conclusion form on compliance of the draft act of the Cabinet of Ministers of Ukraine to strategic goals and with the priorities of the State Regional Development Strategy (the Order of the MCTID № 1083 of November 30, 2023).

Overall, a robust conceptual framework of organisation for the regional policy in Ukraine should be developed and aligned with the recovery and reconstruction process. Accordingly, Ukraine should update, in consultation with relevant stakeholders, the State Regional Development Strategy 2021-2027, taking into account the different regional development needs due to the impact of the war.

The draft of the new edition of the State Regional Development Strategy until 2027 was prepared in late 2023 with engagement of different stakeholders, including subnational and local governments, and associations of local self-government (the draft document is under the consideration of the Cabinet of Ministers of Ukraine). The draft of the Strategy is aligned with provision of the Ukrainian Plan to ensure recovery and regional policy cohesion, as well as a bottom-up approach to address the need of the territorial communities that are in need for state support.

The draft of the Strategy is developed using a territory-oriented and security-based approach, which involves defining functional types of the territories. Combination of such concepts will allow to recover the heavily damaged and liberated territorial communities, as well as to enhance the resilience and modernize rear territorial communities.

In administrative capacity, a formal coordination framework involving authorities at central and sub-national level needs to be set up to prepare for the effective programming and management of EU funds. Regional and local stakeholders should be engaged in a more systematic way in designing, implementing and monitoring these processes.

The updated State Regional Development Strategy until 2027 as one of the priority envisages administrative capacity building of subnational and local governments.

Building capable structures and procedures at the regional and local level will include: defining a territorial model for managing EU funds; defining a common classification of territorial units for statistical purposes; administrative strengthening of institutions at the regional level, including, in particular, building a programming capacity; strengthening regional and local capacity to identify and develop projects.

On financial management and control systems, the country needs to establish medium-term budget planning. The link between policy and budget at national and local level should be strengthened. The legal basis for the system of monitoring and evaluation of regional development is complex and fragmented.

The Government of Ukraine streamlined the Procedure for the monitoring of state regional policy as well as the Procedure for the evaluation of the state regional policy implementation. Recently, both Procedures were adopted based on the initiative of the MCTID (the Government Resolution № 305 on March 15, 2024).

The Monitoring procedure envisaged engagement of local self-government association in assessment of implementation of the policy. The Monitoring procedure proposed the list of indicators to track the development of the regions and territorial communities at the quarterly bases and indicators for annual monitoring procedure based in such areas as: economic efficiency, investment and innovative development, financial autonomy, digital development, labour market effectiveness, infrastructure development, social cohesion, energy efficiency, environment protection, cultural development, health and education.

The MCTID has updated an evaluation procedure as well. Taking into account the State Strategies of Regional development supposed to be an umbrella for recovery projects to be financed at the local and subnational levels under the Ukrainian Facility, the MCTID wants to conduct the independent evaluation of the Strategy implementation in 2026, to assess the state support provided to regions and territories of Ukraine.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

**CLUSTER 5: Resources,
Agriculture and Cohesion**

**CHAPTER 33 – Financial &
Budgetary Provisions**

EUROPEAN UNION

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TRADITIONAL OWN RESOURCES

● *Situation on Fraud reporting (OWNRES)*

On March 20, 2024, Ukraine and the EU signed an Agreement on Ukraine's participation in the EU Anti-Fraud Program.

Ukraine's participation in the Program will contribute to the improvement of the system of protection of the financial interests of Ukraine and the EU by, in particular:

- exchanging of information and supporting of operational measures in the field of mutual administrative assistance in matters of customs control and agriculture;
- facilitating the reporting of irregularities, including fraud, in relation to funds under shared management and funds allocated from the Union budget to assist candidate countries for EU accession.

Also, the Ministry of Finance, together with the State Audit Service, is developing a Procedure for implementing the mechanism of interdepartmental interaction of the State Audit Service as the National Contact Point for the organization of interaction with the European Office for the Prevention of Abuse and Fraud (OLAF).

The Procedure will facilitate effective cooperation and information exchange with OLAF and ensure the creation of an effective mechanism of interdepartmental interaction between the State Audit Service, as the National Contact Point, and state authorities, local authorities, enterprises, institutions and organizations, with the aim of combating fraud and other illegal activities that negatively affect financial interests of Ukraine and the EU.

● *Situation on write-off irrecoverable debts*

No relevant developments during the reporting period.

● *Situation on TOR accounting (distinction between A&B accounting)*

No relevant developments during the reporting period.

● *Internal control on collection, accounting and recovery of TOR*

No relevant developments during the reporting period.

• *Progress in the underlying policy area (Chapter 29 on Customs Union) – legislative alignment*

Progress is given in Chapter 29 "Customs Union".

VAT RESOURCE

- *Situation on the calculation of the weighted average rate*
- *Situation on the calculation of negative and positive corrections to revenue*
- *Situation on the calculation of negative and positive compensations to the tax base*

• *Progress in the underlying policy area (Chapter 16 on Taxation) – legislative alignment.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

GNI RESOURCE

- *Are National Accounts and the compilation of GNI (Gross National Income) based on the definitions and accounting rules of the European System of National and Regional Accounts 2010 (ESA 2010)? If not, please give details of the system currently applied. And the progress and timing to switch to ESA 2010.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *Are National Accounts adjusted to cover the non-observed economy? What is the impact of these adjustments on the level of GNI? What methodology is used to account for the non-observed economy?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *Progress in the underlying policy area (CH 18 Statistics) – legislative alignment with macro-economic statistics.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *Has work started on establishing the inventory of sources and data following ESA 2010?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

ADMINISTRATIVE INFRASTRUCTURE

- ***Situation on administrative capacity***

In the Ministry of Finance has not created a separate unit for own resources.

As for today the Ministry of Finance of Ukraine is considering the issue of creating a unit that will coordinate the activities of all institutions included in the system of EU own resources to further ensure general readiness to fulfil obligations related to EU own resources (after accession of the country to the European Union).

This unit can be as a contact point for all matters concerning the European Union's own resources and will coordinate reporting to the European Union in this area.

- ***Has a coordination body been set up for the management of Own Resources? How staffed?***

No relevant developments during the reporting period.

- ***Have organisational and procedural links between the various institutions involved in own resources been set up?***

No relevant developments during the reporting period.

- ***Is the country engaged in a twinning exercise on own resources? Study visits to neighbouring countries?***

On the initiative of the Ministry of Finance:

1) online consultations were held with representatives of the Ministry of Finance of Croatia, organized with the support of "GIZ" (project "Innovation Laboratory for the Support of the Ukraine-EU Association") related to the financial resources necessary for financing the EU budget ("own resource"),

2) with the support of the EU EU4PFM project, a study of Lithuania's experience in implementing systems of EU own resources was provided.

3) An educational visit was also made to the Czech Republic as part of the Technical Cooperation Project with the Ministry of Finance of the Czech Republic (issues considered during the event, in particular: the EU budget, state budget investments, budget planning, debt policy, cooperation with international financial institutions and other organizations, local budgets).

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

The National Revenue Strategy of Ukraine till 2030 (NRSU) was approved by the Order of the Cabinet of Ministers of Ukraine dated December 27, 2023 No. 1218.

The Strategy is a road map for reforming the tax and customs system, as well as improving tax and customs administration procedures, which is necessary to ensure the potential of meeting fiscal needs in the medium term.

It also supports economic growth by reducing inequality and inefficiencies in revenue policy and administration. This is the vision of the future revenue system of Ukraine, which gives clarity and purpose to the reforms. NRSU implements the strategy (vision) of financing expenditure needs and ensuring fiscal stability in a managed and sustainable manner.

Information on anti-corruption mainstreaming

Chapter 33 - Financial and budgetary provisions: reference to anti-corruption and introduces additional elements through aspects related to public finance management.

• *Implementation of the sectoral anti-corruption action plan and the relevant strategy*

By Order № 244 dated 11.05.2023, the Ministry of Finance approved the Anti-Corruption Program of the Ministry of Finance of Ukraine for 2023-2025 (hereinafter – the Anti-Corruption Program).

By Order of the State Tax Service of Ukraine № 221 dated 10.04.2023 (as amended), the Anti-Corruption Program of the State Tax Service of Ukraine for 2023-2025 was approved, which is periodically reviewed.

Thus, by Orders of the State Tax Service of Ukraine № 639 dated 07.08.2023 and № 265 dated 09.04.2024, amendments were made to the Anti-Corruption Program of the State Tax Service of Ukraine for 2023-2025, in particular regarding the improvement of the corruption risk management process and the evaluation of the Anti-Corruption Program's implementation.

• *Risk assessment tools, supervisory and internal control capacity, capacity to prevent and suppress corruption*

The Anti-Corruption Programs were developed in accordance with Article 19 of the Law of Ukraine «On Prevention of Corruption» and the Methodology for Corruption Risk Management approved by Order № 830/21 of the National Agency on Corruption Prevention dated 28.12.2021.

• *Rules and codes of ethics, rules on conflicts of interest, integrity checks, rules on gifts, declaration of assets and interests established by law*

By Order № 170 «On the Establishment of a Working Group for the Assessment of Corruption Risks at the Ministry of Finance of Ukraine» dated 31.03.2023, the Ministry of Finance approved the personnel composition of such a working group, which includes employees from all structural units of the Ministry.

By Order of the State Tax Service of Ukraine № 465 dated 22.07.2022, the Regulation on the Working Group for Assessment of Corruption Risks in the Activities of the State Tax Service of Ukraine was approved.

During the development of the Anti-Corruption Program, the rules and provisions were taken into account, in particular those of the Anti-Corruption Strategy for 2021-2025, approved by the Law of Ukraine № 2322-IX dated 20 June 2022, as well as the State Anti-Corruption Program for 2023-2025, approved by Resolution № 220 of the Cabinet of Ministers of Ukraine dated 04 March 2023.

The purpose of the Anti-Corruption Program is to enhance the existing set of measures for preventing and detecting corruption in the activities of the Ministry of Finance, state-owned enterprises, and institutions under the Ministry's management.

The heads of enterprises and institutions under the Ministry of Finance's management:

ensure the functioning of the authorised unit (person) responsible for preventing and detecting corruption;

approve work plans for implementing anti-corruption policies;

ensure timely response to potential instances of corruption or corruption-related offenses, as well as other violations of the law;

ensure regular assessment of corruption risks in their activities and implement appropriate anti-corruption measures.

In particular, By Order of the State Tax Service of Ukraine № 221 dated 10.04.2023 (as amended), the Anti-Corruption Program of the State Tax Service of Ukraine for 2023-2025 was approved, which is periodically reviewed.

Thus, by Orders of the State Tax Service of Ukraine № 639 dated 07.08.2023 and № 265 dated 09.04.2024, amendments were made to the Anti-Corruption Program of the State Tax Service of Ukraine for 2023-2025, in particular regarding the improvement of the corruption risk management process and the evaluation of the Anti-Corruption Program's implementation.

By Order № 449 of the State Customs Service of Ukraine dated October 14, 2022, a Working Group on Corruption Risk Assessment was established, and its personnel composition and regulations were approved. The group identified 24 potentially corrupt functions and 28 corruption risks of various levels within these functions.

More detailed information about the work of the State Tax Service and the State Customs Service in the area of anti-corruption activities is provided in the Chapter 16 «Taxation» and in the Chapter 29 «Customs Union».

The Minister of Finance of Ukraine implements the anti-corruption policy of the Ministry of Finance by:

1. Supporting efforts to prevent and combat corruption within the Ministry of Finance, demonstrating zero tolerance for corruption through personal example, and actively participating in the Ministry's anti-corruption measures;
2. Ensuring the functioning of an independent authorised unit for the prevention and detection of corruption within the Ministry's structure, providing it with sufficient organisational, material and other resources for the effective performance of its tasks, and ensuring the independence of the authorised unit as the coordinator for the implementation of the Anti-Corruption Program;
3. Adopting regulatory, legal, organisational, and administrative acts on the prevention and detection of corruption, including the Anti-Corruption Program and amendments thereto;
4. Making decisions on the regular assessment of corruption risks in the activities of the Ministry of Finance, establishing a working group, and vesting it with the relevant authority;
5. Ensuring timely response to potential violations of the Anti-Corruption Program, corruption or corruption-related offenses, and other violations of the Law;
6. Exercising overall management and control over the implementation of the Anti-Corruption Program, and analysing the effectiveness of corruption risk management.

In particular, the working group for assessing corruption risks in the activities of the Ministry of Finance of Ukraine established in accordance with the Order of the Ministry of Finance of Ukraine № 170 dated 30.03.2023, identified 20 corruption risks and determined 33 measures to mitigate these corruption risks.

● *Mechanisms for protecting corruption whistleblowers*

The legislation stipulates that a person is considered a whistleblower from the moment of reporting information about possible facts of corruption or corruption-related offenses, or other violations of the Law of Ukraine «On Prevention of Corruption».

The rights and guarantees of a whistleblower are determined not only by the Law of Ukraine «On Prevention of Corruption», but also by other regulations. In particular, they are determined by the Law of Ukraine «On Ensuring the Safety of Persons Involved in Criminal Proceedings» and the Requirements for the Protection of Anonymous Communication Channels through which reports of possible facts of corruption or corruption-related offenses, or other violations of the Law of Ukraine

«On Prevention of Corruption» are made. These Requirements were approved by the National Agency on Corruption Prevention (NACP) Order № 127/20 dated April 2, 2020.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

Preparations under this chapter are at an early stage. There was limited progress in the areas covered by the chapter.

In the coming year, Ukraine should:

→ further strengthen the administrative capacity and coordination mechanism among key stakeholders in the own resource system.

Taking into account the fact that at the time of the acquisition of EU membership, Ukraine should create an effective system of own resources that will allow it to properly calculate, forecast, account for, collect, pay, control and report to the EU on own resources in accordance with EU legislation. In this context, the Ministry of Finance is working on this, including studying the experience of other countries.

In this context, it should be noted that it is necessary to establish a fully functioning system of authorities and working procedures that will facilitate the calculation, collection, payment and control of EU own resources and simplify the administrative preparation for accession.

Taking into account the recommendations provided by the EU, with the support of the EU4PFM project, the Ministry of Finance has ensured the study of Lithuania's experience in implementing the EU own resources system. Based on the results of this work, the Ministry of Finance identified the following areas:

- Approximation of Ukraine's customs legislation to EU legislation, which will be reflected in Chapter 29 in particular;
- Alignment of value added tax legislation;
- Alignment of statistics legislation;
- As well as implementation of legislation on plastics (non-recyclable plastic packaging).

It should be mentioned that the legislation in accordance with Chapter 33 consists almost fully of legal acts that have direct effect in the Member States.

It is also worth noting that the system of EU own resources is largely related to Chapter 16 "Taxation", Chapter 18 "Statistics" and Chapter 29 "Customs Union".

Therefore, bringing the legislative and institutional framework into compliance with the EU acquis as a whole is carried out within the framework of the specified sections.

Also, today the Ministry of Finance of Ukraine is considering the issue of creating a unit that will coordinate the activities of all institutions included in the system of EU own resources to further ensure general readiness to fulfil obligations related to EU own resources (after accession of the country to the European Union).

This unit can be as a contact point for all matters concerning the European Union's own resources and will coordinate reporting to the European Union in this area.

Furthermore, the Ministry of Finance is currently analysing the following EU acts for the implementation of the own resources system:

- Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom

- Council Regulation (EU, Euratom) 2021/768 of 30 April 2021 laying down implementing measures for the system of own resources of the European Union and repealing Regulation (EU, Euratom) 608/2014

- Council Regulation (EU, Euratom) № 609/2014 of 26 May 2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements (Recast)

- Council Regulation (EU, Euratom) 2021/770 of 30 April 2021 on the calculation of the own resource based on plastic packaging waste that is not recycled, on the methods and procedure for making available that own resource, on the measures to meet cash requirements, and on certain aspects of the own resource based on gross national income

- Council Regulation (EU, Euratom) 2021/769 of 30 April 2021 amending Regulation (EEC, Euratom) № 1553/89 on the definitive uniform arrangements for the collection of own resources accruing from value added tax

Taking into account the above, today measures regarding legislative and administrative preparation for Ukraine's participation in the EU's own resources system are generally at the initial stages of consideration.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 6: External Relations

CHAPTER 30 – External Relations

EUWA

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COMMON COMMERCIAL POLICY

WTO and other horizontal aspects

Ukraine ratified the WTO Fisheries Subsidies Agreement on June 29, 2023, by the Law № 3188-IX (entered into force on June 21, 2023) and deposited the relevant instrument of acceptance on August 17, 2023.

Most Favoured Nation Trade

• *Are any quantitative trade restrictions (or measures having the equivalent effect) in place? If yes, please explain why and what actions are being taken to remove them.*

Article 16 of the Law of Ukraine “On foreign economic activities”, which was brought into line with WTO rules and norms during the negotiation process on Ukraine’s accession to the WTO, provides that the decision to apply the licensing regime for exports (imports) of goods, including quotas (quantitative or other restrictions), is adopted by the Cabinet of Ministers of Ukraine at the request of the Ministry of Economy, which contains the list of goods export (import) of which is subject to licensing, the period of licensing, quantitative or other restrictions on each product.

In connection with the above, the Government of Ukraine annually approves lists of goods, exports and imports of which are subject to licensing, and quotas. Lists of goods, exports and imports of which are subject to licensing, and quotas for 2024, were approved by the Regulation of the Cabinet of Ministers of Ukraine on 27.12.2023 No. 1402 (as amended by the regulations of the Cabinet of Ministers of Ukraine on 30.01.2024 No. 95, on 06.04.2024 No. 125). According to this regulation in 2024 in Ukraine were introduced:

1) quotas for goods, the export of which is subject to licensing, in accordance with Annex 1;

2) list of controlled substances (ozone-depleting substances and fluorinated greenhouse gases), export and import of which are subject to licensing, in accordance with Annex 2;

3) list of goods and equipment that may contain controlled substances (ozone-depleting substances and fluorinated greenhouse gases), the export and import of which are subject to licensing (except for goods and equipment transported in containers with personal belongings), in accordance with Annex 3;

4) list of goods (agricultural products), the export of which is subject to licensing, in accordance with Annex 4.

Also, in order to protect national producers in the domestic market from dumping, subsidized and growing imports the Ministry of Economy ensures the use

of trade defence instruments. Based on the results of trade investigations (anti-dumping, special, anti-subsidy), special types of duties (anti-dumping, safeguard, countervailing) on imports of goods into Ukraine may be established and/or a quota regime for imports to Ukraine may be introduced. In particular, as of April 10, 2024, there are special measures for imports of sulfuric acid and oleum into Ukraine (code according to UKTZED 2807 0000 00) regardless of the country of origin and exports, which are applied by introducing imports quotas in the following volumes:

1) in the first annual period beginning on 01.09.2021 and ending on 31.08.2022 for all countries - 55 427 tons;

2) in the second annual period, starting from 01.09.2022 and ending on 31.08.2023 for all countries - 63 741 tons;

3) in the third annual period, starting from 01.09.2023 and ending on 31.08.2024 for all countries - 73 302 tons.

Measures related to import and export prohibitions, restrictions and licensing are regularly reviewed and, to the extent possible, replaced by less restrictive measures or cancelled altogether.

Quantitative restrictions are implemented and notified in accordance with relevant provisions of the WTO Agreements and other international treaties/commitments, such as the Montreal Protocol on Substances that Deplete the Ozone Layer, the Basel Convention on the Control of Transboundary Movements of Hazardous Waste and their Disposal, the Convention on International Trade of Endangered Species of Wild Fauna and Flora (CITES), UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988, the Single Convention on Narcotic Drugs of 1961 (as amended by the 1972 Protocol), the Convention on Psychotropic Substances of 1971, the Wassenaar Arrangement, etc.

The WTO justification and grounds for the measures are indicated in the notifications.

The most recent information regarding legislation on import and export prohibitions, restrictions and licensing, including the list of goods subject to these measures and the rationale/grounds for such measures, can be found in Ukraine's latest notifications on quantitative restrictions (G/MA/QR/N/UKR/6, G/MA/QR/N/UKR/6/Add.1- G/MA/QR/N/UKR/6/Add.10) and the replies to Questionnaire on import licensing procedures (G/LIC/N/3/UKR/16).

Measures related to import and export prohibitions, restrictions and licensing are regularly reviewed and, to the extent possible, replaced by less restrictive measures or cancelled altogether.

The measures are imposed and/or cancelled by relevant decisions of the Verkhovna Rada of Ukraine and/or the Cabinet of Ministers of Ukraine.

- *Please provide the country's latest trade and investment data (import and export; FDI) in electronic format, following the most recent tariff structure.*

No relevant developments during the reporting period.

Dual use items

- *Does the country apply export controls on dual use items? Please provide the Commission with the references to the country's latest legislation (including to the updated National Control List for dual-use goods) and summarise the main features of the underlying policy.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *Please provide information on administrative structure and functioning of the country's national authority dealing with export controls, describing the following:*

- *Staffing numbers in the various departments;*
- *Measures to ensure co-ordination of actions across the various departments involved in export controls (particularly within the customs administration);*
- *Decision-making mechanisms, for instance denials of exports.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- *Please explain the country's relations and interactions with multilateral export control regimes (Wassenaar, Australia Group, NSG, MTCR).*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

The Ministry of Economy of Ukraine, in cooperation with the State Export Control Service of Ukraine, has developed a draft law "On Amendments to the Law of Ukraine "On Protection of Interests of Entities Submitting Reports and Other Documents during Martial Law or a State of War" regarding the Renewal of Reporting in the Field of State Export Control", which provides for the resumption of reporting by entities engaged in international transfers of goods, timely and proper fulfilment by Ukraine of its international obligations in the field of international arms transfers control, non-proliferation of weapons of mass destruction, and prevention of terrorism.

Export credits

• *Does the country have export credit and/or export insurance schemes in place? If yes, please provide details?*

Pursuant to Articles 2 and 5 of the Law of Ukraine “On Financial Mechanisms for Stimulating Export Activity”, the Cabinet of Ministers of Ukraine established the Export Credit Agency (ECA, ECA Ukraine, Company) by Resolution No. 65 “On the Establishment of the Export Credit Agency” dated 07.02.2018. ECA Ukraine provides insurance, reinsurance and guarantees under contracts that ensure the development of exports on a voluntary and commercial basis.

Article 6 of the Law of Ukraine “On Financial Mechanisms for Stimulating Export Activity” stipulates that the ECA Ukraine carries out insurance, reinsurance and guarantee activities in accordance with the said law and regulations adopted to implement the provisions of this law, the ECA Ukraine Charter, and internal documents of the ECA Ukraine, which include the following activities:

1) insurance and reinsurance of export credits, as well as insurance and reinsurance against military and/or political risks of loans of Ukrainian business entities related to investments in the creation of facilities and infrastructure necessary for the development of the processing industry and export of goods (works, services) of Ukrainian origin;

2) factoring insurance and reinsurance;

3) insurance and reinsurance of foreign economic agreements (contracts);

4) insurance and reinsurance of direct investments from Ukraine, as well as insurance and reinsurance of direct investments in Ukraine against military and/or political risks;

5) insurance and reinsurance of letters of credit;

6) insurance and reinsurance of contractual bank guarantees;

7) providing counter-guarantees to banks of Ukrainian exporters;

8) participation in the implementation of partial interest rate compensation programmes for export credits;

9) consulting activities;

10) other insurance and reinsurance activities that do not contradict the purpose of ECA's activities and are determined in accordance with the requirements of the law.

Insurance and reinsurance against military and/or political risks of loans of Ukrainian business entities related to investments in the creation of facilities and infrastructure necessary for the development of the processing industry and the export of goods (works, services) of Ukrainian origin, as well as insurance and reinsurance of direct investments in Ukraine against military and/or political risks were added to the list of the Company's activities on the basis of the Law of Ukraine “On Amendments to the Law of Ukraine “On Financial Mechanisms for Stimulating

Export Activities” on Insurance of Investments in Ukraine against War Risks” No. 3497-IX dated November 22, 2023 (entered into force on January 1, 2024). However, this law also stipulates that the Cabinet of Ministers of Ukraine must ensure the adoption, with the approval of the NBU, of a normative legal act defining the list of military and political risks, as well as the conditions and procedure for insurance (reinsurance) of such risks. The relevant products of the Company will be developed on the basis of such an act.

Resolution of the Board of the NBU No. 95 dated 09.05.2022 amended the Regulation on Determination of Credit Risk for Active Banking Operations by Ukrainian Banks, approved by Resolution of the Board of the NBU No. 351 dated 30.06.2016, in terms of determining that the Company's guarantees/insurance contracts are an acceptable type of collateral with a collateral liquidity ratio of 0,85 and establishing the criteria and conditions under which the Company's guarantees/insurance contracts are acceptable.

The Company offers 6 insurance products:

- 1) 4 export credit insurance products: 1 export credit insurance product using the portfolio method and 3 export credit insurance products with individual risk assessment;
- 2) 1 product for insurance of foreign economic agreements (contracts);
- 3) 1 bank guarantee insurance product.

The most popular area of ECA's activities is export credit insurance (99% of premiums received, 96% of liabilities), as these products facilitate access to bank financing for Ukrainian exporters to fulfill a foreign economic agreement (contract) in the absence or insufficiency of collateral.

• *What are the institutions providing the credits/insurances? Please provide an overview of legal status and acts governing the operations of such institutions, of their administrative capacity, financing/financial arrangements and value of outstanding guarantees. Please present the methodology for defining the risk factor in export credit/insurances? How does this methodology take into account the OECD arrangement?*

Pursuant to Articles 2 and 5 of the Law of Ukraine “On Financial Mechanisms for Stimulating Export Activity”, the Cabinet of Ministers of Ukraine established the Export Credit Agency by Resolution No. 65 “On the Establishment of the Export Credit Agency” dated 07.02.2018, which provides insurance, reinsurance and guarantees under contracts that ensure the development of exports on a voluntary and commercial basis.

Pursuant to Article 9 of the Law of Ukraine “On Financial Mechanisms for Stimulating Export Activities”, the ECA is an insurer with a special status, operating under a license to carry out ECA activities, including insurance, reinsurance and guarantees.

The Company's activities are regulated by:

- The Law of Ukraine “On Financial Mechanisms for Stimulating Export Activity”;

- Resolution of the Cabinet of Ministers of Ukraine No. 65 dated 07.02.2018 “On the Establishment of the Export Credit Agency”;

- Resolution of the Board of the National Bank of Ukraine No. 1 dated 06.01.2023 “On Approval of the Regulation on Licensing of the Export Credit Agency and Conditions for its Insurance, Reinsurance, Guarantee Provision and Amendments to Certain Regulatory Acts of the National Bank of Ukraine”;

- Resolution of the Board of the National Bank of Ukraine No. 351 dated 30.06.2016 “On Approval of the Regulation on Determination of the Credit Risk Amount for Active Banking Operations by Ukrainian Banks”.

In accordance with paragraph 116¹ of the Resolution of the Board of the National Bank of Ukraine No. 351 dated 30.06.2016 “On Approval of the Regulation on Determination of the Credit Risk Amount for Active Banking Operations by Banks of Ukraine”, when calculating the credit risk amount, the bank shall take into account the value of collateral in the form of guarantees/insurance agreements of the ECA, subject to the following conditions:

- 1) the aggregate amount of ECA's liabilities under all agreements concluded by ECA (the amount of agreements) for insurance, reinsurance, guarantee, and interest rate compensation on export credits does not exceed the amount of ECA's equity capital;

- 2) the ECA has no outstanding obligations for more than 90 consecutive calendar days under the agreements concluded by the ECA on insurance, reinsurance, guarantee, compensation of the interest rate on export credits on the grounds other than those specified in part two of Article 11 of the Law of Ukraine “On Financial Mechanisms for Stimulating Export Activity”.

Article 7 of the Law of Ukraine “On Financial Mechanisms for Stimulating Export Activity” provides for the following possible sources of ECA financing:

- own funds;
- funds raised from public and private investors on a repayable or non-repayable basis;

- funds provided by international and foreign financial organisations, foreign governments, foreign banks on a repayable or non-repayable basis;

- budget funds if provided for by the law on the State Budget of Ukraine for the relevant year;

- other sources not prohibited by law.

The initial share capital of the Company was UAH 200,000 thousand and was formed at the expense of the state budget. In accordance with the Resolution of the Cabinet of Ministers of Ukraine “On Increase of the Charter Capital of the Private

Joint Stock Company “Export Credit Agency” dated 29.03.2021 No. 268 (hereinafter - Resolution No. 268), the Company's charter capital was increased by UAH 1,800,000 thousand by issuing 1,800,000 additional shares with the existing par value of UAH 1,000. Pursuant to Resolution No. 268, the Ministry of Finance of Ukraine issued a share purchase agreement with the On 10.06.2021, the Ministry of Finance of Ukraine issued 1,800,000 domestic government loan bonds (hereinafter referred to as “OVDPs”) under the international number UA4000218572 with a nominal value of UAH 1,000.00 per OVDP and a maturity of 5382 days (maturity date - 05.03.2036). The formed and registered share capital of the company is UAH 2,000,000 thousand. The share capital is divided into 2,000,000 ordinary registered shares with a nominal value of UAH 1,000 each. There are no other sources of funding.

ECA does not use guarantees in its activities. Accordingly, there are no guarantees outstanding. Pursuant to Article 6 of the Law of Ukraine “On Financial Mechanisms for Stimulating Export Activity”, when carrying out insurance activities, basic insurance rates are set by the ECA taking into account the political risk of the country of location of the foreign buyer. The classification of countries by political risk is based on information provided by the Organisation for Economic Cooperation and Development (OECD) and the International Union of Credit and Investment Insurers (Berne Union). The procedure for calculating insurance tariffs is determined by the Regulation on Insurance Tariffs of the Private Joint Stock Company “Export Credit Agency”, approved by the decision of the Supervisory Board of the Company dated 21.11.2023 (protocol No. 14). The said Regulation stipulates that one of the methods for determining insurance tariffs is the modified OECD method, which determines the net tariff in accordance with the risk category of the buyer's country, depending on the likelihood that the country will service its external debts.

The main eligibility criteria, requirements and risk rules for the Company's insurance operations are set out in the Regulations on General Requirements for Insurance of Private Joint Stock Company “Export Credit Agency”, approved by the Board of Directors on 30.06.2023 (protocol No. 25).

The Regulations define:

- the main eligibility criteria for insurance objects and insureds, insureds' counterparties (namely, borrowers, foreign buyers, principals), including in terms of legal form, commodity codes according to the Ukrainian Classification of Goods for Foreign Economic Activity, geographical regions, currency types, etc;
- the procedure for managing concentration risk in the Company;
- conditions and requirements for insurance transactions;
- general rules for amending existing insurance contracts.

The process of accepting risks for insurance, determining the insurance tariff, deductible and other terms of the insurance contract are regulated by the Underwriting Policy of the Private Joint Stock Company “Export Credit Agency”,

approved by the decision of the Supervisory Board of the Company on 27.03.2024. The main purpose of this Policy is to determine:

- conditions and procedure for accepting risks for insurance, determining the characteristics of insurance objects that can be insured, including determining the amount of the insured amount and/or limits;

- the amount of information required for acceptance of risks for insurance and the procedure for verification of sufficiency and quality of such information;

- the procedure for assessing the risks accepted for insurance;

- the procedure for interaction between ECA's structural units for the purpose of accepting risks for insurance, including coordination of insurance terms with reinsurance terms provided for in the reinsurance policy;

- conditions and procedure for carrying out procedures in case of changes in the terms of the concluded insurance (reinsurance) agreement, its prolongation, or changes in information about the object of insurance and/or the level of insurance risk.

The Verkhovna Rada of Ukraine passed Law No. 3497–IX of Ukraine *On Amendments to the Law of Ukraine On Financial Mechanisms for Stimulating Exports Concerning Insurance of Investments in Ukraine against War Risks* dated 22 November 2023. The Law expands the activities of the Export Credit Agency, specifically by introducing insurance and reinsurance against political and/or war risks of loans of Ukrainian business entities related to investments in the creation of facilities and infrastructure necessary to develop the manufacturing industry and exports of goods (works, and services) of Ukrainian origin. In addition, the Law introduces insurance and reinsurance of direct investments in Ukraine against political and/or war risks.

Pursuant to this Law, the Cabinet of Ministers of Ukraine, in agreement with the NBU, adopted Resolution No. 388 *On Approval of the List of Political and War Risks and the Terms and the Procedure for Insurance (Reinsurance) against Political and War Risks during the Conduct of the Activities of the Export Credit Agency* dated 9 April 2024.

- ***Do the institutions providing credits/insurances also cover short term exports to EU Member States and OECD countries covered by Commission Communication pursuant to Article 113 of the Treaty on the Functioning of the European Union (TFEU) applying Articles 92 and 93 of the Treaty to short-term export credit insurance (OJ C 281 of 17 September 1997)?***

The legal and regulatory documents governing the Company's activities do not provide any restrictions on the Company's provision of short-term export insurance to EU and OECD countries covered by the Commission's Notice pursuant to Article 113 of the Treaty on the Functioning of the European Union (TFEU) applying Articles 92 and 93 of the Treaty to short-term export credit insurance (OJ C 281 of

17 September 1997).

When deciding whether to provide insurance, the Company assesses the financial position and solvency of exporters and foreign buyers. In determining the insurance rate, the Company uses a modified OECD method that takes into account the risk category of the foreign buyer and the level of political risk in the country of the insured's counterparty. The classification of countries by political risk is based on information provided by the OECD.

As of the date of this letter, requests for insurance contracts received by the Company are dominated by requests for short-term export insurance. One of the factors influencing this structure is the currency supervision of exporters in Ukraine, namely the establishment of settlement deadlines for export and import transactions lasting 180 calendar days.

• How is your country preparing for the implementation of Council Directive 98/29/EC on harmonisation of the main provisions concerning export credit insurance for transactions with medium and long-term cover and EU Regulation 1233/2011 on export credits?

The Company performs its functions in accordance with the Law of Ukraine “On Financial Mechanisms for Promoting Export Activities”, the current version of which was developed in accordance with Council Directive 98/29/EC of 07.05.1998 on the harmonisation of the main provisions concerning export credit insurance for transactions with medium and long-term cover, the Commission's Communication to Member States pursuant to Article 93(1) of the Treaty establishing the EU, applying Articles 92 and 93 of the Treaty in relation to short-term export credit insurance.

Amendments to the Law of Ukraine “On Financial Mechanisms for Stimulating Export Activities” introduced by the Law of Ukraine “On Amendments to Certain Laws of Ukraine on Ensuring the Effective Functioning of the Export Credit Agency” (No. 2154-IX of 24.03.2022) significantly facilitate the procedural issues of implementing European legislation.

Preferential trade agreements

• What preferential bilateral or multilateral trade agreements does the country have with third countries (non-EU countries)? Please provide, for each agreement the nature of the agreement, and the date of entry into force.

Decision No. 1/2022 of the Joint Committee established under the Free Trade Agreement between Ukraine and the Republic of Macedonia on the replacement of Protocol B to the Free Trade Agreement between Ukraine and the Republic of Macedonia entered into force on July 06, 2023;

Decision No. 2/2022 of the Joint Committee established in accordance with the Free Trade Agreement between Ukraine and the Republic of Macedonia on the

replacement of Protocol C to the Free Trade Agreement between Ukraine and the Republic of Macedonia on the definition of “origin of goods” and the methodology for administrative cooperation entered into force on July 06, 2023;

Decision No 1/2023 of the EU-Ukraine Customs Sub-Committee of 16 November 2023 amending the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part, by replacing Protocol I thereto concerning the definition of the concept of originating products and methods of administrative cooperation¹. The decision of the Sub-Committee was published in the Official Gazette of Ukraine dated November 24, 2023 No. 94 (p. 192) and has been in effect since December 01, 2023.

● *Does the country plan to negotiate any new preferential trade agreements? If yes, please provide timeline and main policy direction of any such negotiations.*

No relevant developments during the reporting period.

Other trade related agreements

● *Please provide a list of all the country's international agreements on economic/technical cooperation and integration, or any other agreements relevant for trade matters.*

● *Please provide, for each agreement the nature of the agreement and the date of entry into force.*

● *Does the country plan to negotiate any new such agreements in the coming months? If yes, please provide timeline and main policy direction of any such negotiations.*

The scope of the requested information requires more time to process than suggested by the European Commission.

Bilateral investment agreements

● *With which countries has the country concluded bilateral investment agreements? Please provide for each agreement the following information: scope (covering market access, non-discrimination, protection, promotion etc.), date of entry into force, automatic renewal procedure, and period for which acquired rights exist.*

No relevant developments during the reporting period

● *Does any agreement include a regional economic integration organisation clause (REIO clause) – possibility to grant privileged access to investors or*

investments of other countries, which belong to the same regional integration organisation as the contracting party (i.e., EU)?

No relevant developments during the reporting period

● *Which sensitive sectors are normally excluded (e.g., aviation, maritime transport, fishing, audiovisual, etc.) from such agreements?*

No relevant developments during the reporting period

● *Is the country negotiating or has it already entered into a commitment to negotiate any new bilateral investment agreements, or revise existing agreements? Please provide details regarding the current status and timeline.*

No relevant developments during the reporting period

Investment policy

● *Can the country outline its policy regarding foreign direct investments, and whether there are any plans to develop this policy?*

No relevant developments during the reporting period

● *Are there any plans to introduce a FDI screening mechanism (along the lines of the one introduced in the EU)?*

No relevant developments during the reporting period

Prevention of capital punishment and torture

● *Does the country apply export controls on goods that could be used for capital punishment or torture? Please provide the translated texts of the relevant legislation and list of goods.*

No relevant developments during the reporting period

● *Does the country apply other measures to prevent goods or services from being used for capital punishment or torture in foreign countries, such as an import or export prohibition or measures concerning brokering services, training or technical assistance? Please describe the measures in detail and provide the translated texts, if they are not included in the translated text of the legislation mentioned in the previous question.*

No relevant developments during the reporting period

Kimberley Process (conflict diamonds)

● *Does the country support the main objective of the Kimberley Process Certification Scheme, namely, to stem the flow of ‘conflict diamonds’, i.e., rough diamonds used by rebel movements to finance wars against legitimate governments?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Does the country apply any measures to prevent imports and exports from ‘conflict diamonds’? Please describe the measures in detail and provide the translated text of the relevant legislation.*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● *Does your country intend to become a member of the Kimberley Process Certification Scheme prior to accession to the European Union?*

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

DEVELOPMENT POLICY AND HUMANITARIAN AID

Development policy

• Is there a policy and legal framework for development and international cooperation/aid?

The Law of Ukraine "On Humanitarian Aid" defines the legal, organizational, social principles for receiving, providing, formalizing, distributing and controlling the targeted use of humanitarian aid and promotes publicity and transparency of this process.

Along with this, the initiative of the President of Ukraine Volodymyr Zelenskyi "Grain from Ukraine" was introduced at the end of 2022. Such initiative is aimed at preventing the food crisis in the world as well as at ensuring international support for Ukrainian agriculture, supporting production, strengthening food supply chains, expanding the international partner base to guarantee the purchase of Ukrainian agricultural products and developing the Ukrainian economy as a whole. In accordance with the Decree of the President of Ukraine of November 14, 2022 No.771/2022 "On the Provision of Humanitarian Assistance to the States of Africa and Asia", the Cabinet of Ministers of Ukraine defined the task to provide humanitarian assistance to the states of Africa and Asia.

Resolution of the Cabinet of Ministers of Ukraine dated 15 of February, 2002 "On Creation of the Integrated System of the International Technical Assistance Attraction, Utilization and Monitoring" sets forth the procedures for the international technical assistance attraction, utilization and monitoring, including the state registration, monitoring of projects (programs) and accreditation of the executing agencies (non-resident legal entities), registration of representative offices of development partner institutions in Ukraine.

Also, as of today 33 international agreements of Ukraine have been concluded with foreign countries and international organizations which represent the Development Partners. Such agreements define the legal framework for cooperation in field of international technical assistance to Ukraine.

• Is the country bound by co-operation, trade, or other agreements with developing countries (whether African, Caribbean and Pacific, Latin American, Asian or Mediterranean countries)?

On October 25, 2023, the Memorandum of Understanding was signed between the State Space Agency of Ukraine and the Kenya Space Agency to cooperate in the exploration and peaceful uses of outer space.

The Memorandum envisages promotion of bilateral cooperation in the field of the exploration and use of outer space for peaceful purposes that may be carried out in the following areas: basic space science, astronomy, ionosphere; remote sensing of Earth; space transportation systems; spacecraft for scientific and commercial purposes, satellite technology; ground infrastructure of space systems; advanced

space technology; education and training of staff of the respective Parties; support for cooperation of private space entities of the Parties.

On November 1, 2023, Memorandum of Understanding was signed between the State Space Agency of Ukraine and Geo-informatics and Space Technology Development Agency, Thailand to cooperate in the field of use of outer space for peaceful purposes.

The Memorandum envisages that the Parties will make best efforts to further explore the cooperative activities with the aim of contributing to enhancing the social benefits, enhancing the scientific value of space missions, as well as advancing understanding of our planet and outer space. Expected fields of further cooperation will be the following areas: Space Infrastructure, including spaceport and ground-based equipment; Satellite and Space Technology; Space Environment Utilization, Space Education, and Space Exploration; Earth Observation and its Data; Promotion of space industries; Exchange personnel, researchers and engineers.

• *Does the country apply a preferential trade policy (irrespective of the agreements mentioned above) vis-à-vis certain developing countries? If so, what are the form and details of such policy/policies?*

No relevant developments during the reporting period.

• *To what extent are the EU development strategy, objectives, common values and principles, as outlined in the new European Consensus on Development (June 2017) incorporated into country's foreign/development policy? Does the country's development policy refer to the Sustainable Development Goals (SDGs) and the principles of effective development cooperation as set out in the Busan High Level Forum on Aid Effectiveness in 2011?*

No relevant developments during the reporting period.

• *Does the country have an aid budget for developing countries? What is the size of the budget and how is it allocated? Which amount, if any, was spent for humanitarian aid to third countries during the past 3 years? Does the country measure its budget contributions according to OECD-DAC methodology for Official Development Assistance? Does the country report its spending on development and humanitarian aid to OECD-DAC through the Creditor Reporting System (CRS) and/or to OECD for measuring Total Official Support for Sustainable Development (TOSSD) and/or to the open data standard of the International Aid Transparency Initiative (IATI)? Does the country have future commitments?*

No relevant developments during the reporting period.

● *Administrative capacity and institutional setting. Is there a policy ministry with dedicated implementing or financing entity? If so, what is its mandate and structure, and how many staff does it employ in headquarters and field level (e.g., country presence through Embassies or field offices)? Please mention other important entities, and relevant actors (briefly mention their role and importance). Are there specific programs and projects of assistance to third countries managed by Ministries other than the Ministry of Foreign Affairs? If yes, how are they organised?*

No relevant developments during the reporting period.

● *Can you specify which are the main instruments/tools and means of implementation for development and international cooperation/aid?*

No relevant developments during the reporting period.

● *What are the main projects, if any, on development assistance carried out by the country during the past two years?*

Upon the initiative of the President of Ukraine Volodymyr Zelenskyi, the humanitarian program "Grain from Ukraine" was launched. The essence of the program consists in the purchase by the states and private donors participating in the program of part of the Ukrainian grain intended for export, and its further supply as humanitarian aid to the countries of Africa and Asia, whose population is on the verge of hunger or starving. The program is implemented in partnership with the UN World Food Programme.

● *In which International Agreements dealing with development is the country participating?*

No relevant developments during the reporting period.

Humanitarian aid

● *How does the country define humanitarian aid? With respect to the external assistance, does the country implement a principled and needs-based aid, in line with the European Consensus on Humanitarian Aid? Please provide details on how the country complies with the specific provisions of the Consensus regarding the Common Framework to Deliver EU Humanitarian Aid.*

According to the Law of Ukraine „On Humanitarian Aid”, humanitarian aid is targeted free aid in monetary or in-kind form, in the form of irrevocable financial aid or voluntary donations, or aid in the form of work, provision of services provided by foreign and domestic donors for humanitarian purposes to recipients of

humanitarian aid in Ukraine or abroad who need help due to the social or material insecurity, difficult financial situation, the introduction of martial law or a state of emergency, an emergency situation or serious illness of a certain person, as well as for preparation for armed protection of the state and its defense in case of armed aggression or armed conflict.

Recognition of goods as humanitarian aid is carried out by specially authorized state authorities for humanitarian aid in each specific case, taking into account such features.

Excise goods are not included in humanitarian aid, except for:

- ambulances, special purpose passenger cars for the Ministry of Internal Affairs of Ukraine, the National Police bodies;

- vehicles arriving during the period of the anti-terrorist operation, the implementation of measures to ensure the defense of Ukraine, the population safety and the protection of the state interests in connection with the military aggression of the Russian Federation against Ukraine, for receipt and use by the Armed Forces of Ukraine, the Ministry of Internal Affairs of Ukraine, the State Transport Special Service, the National Police of Ukraine, the National Guard of Ukraine, the State Border Service of Ukraine, the State Emergency Service of Ukraine, the State Migration Service of Ukraine, the State Service of Special Communications and Information Protection of Ukraine, other state authorities that are part of security and defense sector of Ukraine, as well as for use by military personnel in order to ensure the conduct of an anti-terrorist operation, implementation of measures to ensure national security and defense, repel and deter armed aggression of the Russian Federation. In such a case, the state authorities that are part of the security and defense sector of Ukraine have the status of the recipient of humanitarian aid and the status of the recipient of humanitarian aid - from the moment of using such vehicles;

- vehicles intended for the transportation of more than eight people, and cars equipped for the transportation of persons with disabilities with damage to the musculoskeletal system and other low-mobility groups, which are transferred for use to social protection institutions, social service providers, entered in the Register of donors and recipients social services, foster families and family-type children's homes, health care institutions, rehabilitation institutions, regardless of the ownership, or individuals - entrepreneurs who, in accordance with the procedure established by law, have received a license to carry out economic activities for medical practice and/or have the right for the provision of rehabilitation assistance, with which the chief administrator of budget funds concluded an agreement on medical care for the population under the medical guarantee program, to health care facilities under the mandate of the security and defense sector authorities, educational institutions, public associations of persons with disabilities, enterprises and organizations founded by them, public organizations and other associations of war veterans, as well as vehicles intended for the Red Cross Society of Ukraine, its regional and local organizations with the status of a legal entity, through which this

Society carries out its activities in accordance with the Statute of the Red Cross Society of Ukraine and the Law of Ukraine „On the Red Cross Society of Ukraine”;

- passenger cars, which at the time of import into the customs territory of Ukraine were first registered no later than eight years ago, with an engine volume of no more than 1,800 cubic centimeters received by the executive authority of the Autonomous Republic of Crimea, the regional, Kyiv, Sevastopol city state administrations for further transfer to persons with disabilities, who are registered according to the established procedure for receiving a special motor vehicle, for the period determined by the legislation. In this case, the said executive authorities have the status of a recipient of humanitarian aid;

- vehicles for special and specialized purposes (except taxis, collection vehicles) for enterprises, institutions and organizations maintained at the expense of the budgets of state institutions and local self-government bodies authorized by them to ensure the socio-economic needs of territorial communities.

Humanitarian aid goods by specially authorized state authorities for humanitarian aid may also include:

- audio and video equipment designed for the blind and deaf, respectively, audio and video cassettes with educational, social, rehabilitation programs, information on physical education and sports for persons with disabilities, programs for the formation of a healthy lifestyle, with lectures by Nobel laureates;

- chocolate with and without filling, other chocolate products included in New Year's and Christmas gifts received within two months before the respective holidays;

- furniture transferred exclusively for use by institutions of social protection of the population, state health care facilities and educational institutions, public organizations of persons with disabilities, the Red Cross Society of Ukraine and its regional organizations, religious organizations registered in accordance with the procedure provided for by the Law of Ukraine „On Freedom of Conscience and Religious Organizations”;

- medical and social equipment, transferred exclusively to rehabilitation institutions for persons with disabilities and children with disabilities, which have an appropriate license to provide rehabilitation services, regardless of departmental subordination, type and forms of ownership, under the mandatory condition of prohibiting its further sale.

Part 5, Article 3 of the Law of Ukraine „On Humanitarian Aid” specifies that during the period of martial law or a state of emergency and within three months after its termination or cancellation, the Cabinet of Ministers of Ukraine has the right to:

- to establish a simplified procedure for recognizing aid as humanitarian based on the declarative principle, without the adoption of a certain decision by a specially authorized state authority for humanitarian aid;

- consider and make decisions on expanding the list of humanitarian aid recipients.

During the period of martial law, the Cabinet of Ministers of Ukraine adopted the Resolution No. 953 dated 05.09.2023 „Some Issues of the Release and Accounting of Humanitarian Aid under Martial Law”. The Resolution introduced the digitization of the processes of declaring and accounting for humanitarian aid under martial law in the Unified Register of Humanitarian Aid Recipients, their entry of data on humanitarian aid goods arriving in Ukraine and submission of a report on their availability and distribution within three months.

In accordance with above-mentioned Resolution, the categories of goods that are imported into the customs territory of Ukraine according to the Procedure for the passage and accounting of humanitarian aid during the martial law, except for those that do not belong to humanitarian aid in accordance with the Law of Ukraine „On Humanitarian Aid” (with the exception of petroleum products, liquefied petroleum gas, substances used as components of motor fuels, alternative motor fuels, ethyl alcohol for medical purposes and the pharmaceutical industry, electric energy), are recognized as humanitarian aid on the declarative principle without the adoption of a certain decision by specially authorized state authorities on humanitarian aid issues.

• *Does the country have a recognised framework for non-governmental organisations which aim to provide humanitarian assistance in third countries?*

No relevant developments during the reporting period.

• *Does the country have national organisations or sections of public administration which are responsible for disaster prevention, and which monitor and provide relief in the event of natural and man-made disasters? What immediate assistance and resources are available and have been provided in the event of such events? Is such assistance available also for the benefit of third countries?*

No relevant developments during the reporting period.

Additional update of the information previously provided by Ukraine in the framework of the 2023 Enlargement Package

During the period from June 2023 to March 2024, the State Gemological Center of Ukraine (SGCU) as the national body of the Kimberley Process (KP), under the leadership of the Ministry of Finance of Ukraine continued to carry out all the necessary work to fulfill the requirements of the KP.

In particular, the SGCU, as the representative of Ukraine in the KP, participated

in the annual Plenary Meeting of the KP States Parties, which took place in November 2023 in Zimbabwe; represented the interests of Ukraine at the scheduled events (online) of the Working Group of Diamond Experts (WGDE) and the Ad Hoc Committee on Review and Reform (AHCRR).

Nowadays, Ukraine, as a KP member state, applies all the necessary measures provided for by the KP Certification Scheme (KPCS), and all formalities for the

KPCS has been defined at the legislative level. During this period new regulations has not been developed.

In September 2023, the Ministry for Strategic Industries of Ukraine organized and hosted the French-Ukrainian Defense Industry Seminar and the first International Defense Industries Forum, which aims to develop the Ukrainian defense industry and integrate it into the EU defense industry. The event was attended by the President of Ukraine and senior government officials, representatives of foreign and defense ministries of partner countries, Ukrainian and foreign arms and military equipment manufacturers from over 30 countries.

In January 2024, the Belgian-Ukrainian Defense Industry Seminar was held in Kyiv. The seminar was attended by representatives of 33 Ukrainian and 8 Belgian companies, the Association of the Belgian Security and Defense Industry (BSDI), and representatives of the government's defense and security sector.

In March 2024, the Danish-Ukrainian Defense Industries Conference was held in Kyiv, which was attended by representatives of the defense industry of both countries.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

In the coming year, Ukraine should in particular:

→ ensure that its trade policy is in compliance with World Trade Organization (WTO) and Association Agreement rules

Ukraine's trade policy is formulated and implemented taking into account, inter alia, its membership in the WTO and the country's commitments under the WTO Agreement.

In accordance with the Action Plan for the implementation of the European Commission's recommendations presented in the Report on Ukraine's progress in the framework of the EU Enlargement Package that was adopted 09.02.2024 by the Resolution of the Cabinet of Ministers of Ukraine № 133, Ukraine ensures the fulfillment of its obligations as a member of the WTO, including through carrying out examination by the Ministry of Economy of draft laws and regulations issuing

opinions on their conformity with the WTO provisions on a permanent basis.

Moreover, in 2024, following the adoption of the Declaration on the conclusion of negotiations on Services Domestic Regulation in December 2021 and taking into account the completion of the certification procedure of Ukraine's draft schedule of specific commitments in February 2024, Ukraine intends to implement the new Disciplines on services domestic regulation.

→ before any new bilateral trade agreement, assess its impact, in light of candidate status and forthcoming accession

In accordance with the Action Plan for the implementation of the European Commission's recommendations presented in the Report on Ukraine's progress in the framework of the EU Enlargement Package that was adopted 09.02.2024 by the Resolution of the Cabinet of Ministers of Ukraine № 133, Ukraine undertook to assess new bilateral trade agreements for compliance with EU law and Ukraine's commitments, in light of candidate status and future accession.

During the reporting period Ukraine has not started any new negotiations on concluding bilateral trade agreements.

→ export control

Digitalization of the export control procedures

A new Information and Communications System on Export Control based on Stratlink software platform (hereinafter - ICSEK) was launched by the State Service of Export Control of Ukraine (SSECU) in March, 2024. ICSEK is an electronic licensing program in the sphere of export control, which significantly accelerates the exchange of data between government agencies and business entities involved in the process of licensing, gradually digitalizing all administrative services provision by the SSECU. Deployment of ICSEK system was endorsed by the Resolution of the Cabinet of Ministers of Ukraine "About the introduction of an experimental project on the implementation and ensuring the functioning of the information and communication system in the field of state export control" dated February 6, 2024, No. 150.

→ drafting the new Law of Ukraine "On State Control over International Transfers of Strategic Goods" for the purpose of harmonization with EU legislation (acquis)

The SSECU prepared the draft Law of Ukraine "On State Control over International Transfers of Strategic Goods", aimed to replace the acting basic Law

"On State Control of International Transfers of Military Items and Dual-Use Goods". The mentioned draft Law has been designed taking into account the provisions of the Regulation (EU) 2021/821 of the European Parliament and of the Council of May 20, 2021 (setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items), and the Council Common Position 2008/944/CFSP of December 8, 2008 (defining common rules governing control of exports of military technology and equipment), as well as other standards related to the export control. The draft Law is submitted to the Ministry of Economy of Ukraine on February 16, 2024 for the review, approval, and further submission to the Cabinet of Ministers of Ukraine. The recommendations of experts from European Commission and EU P2P Program concerning the draft Law provisions were considered.

→ On development policy, Ukraine stepped up engagement with global partners and African Union partners in 2022. This followed the appointment of a Special Representative for the Middle East and Africa in 2021. In November 2022, in connection with the UN and Türkiye- brokered Black Sea Grain Initiative, which allows for commercial food and fertiliser exports from key Ukrainian ports in the Black Sea, President Zelenskyy launched the Grain from Ukraine programme at an international summit on food security in Kyiv. The initiative seeks to address global food insecurity through (donated or internationally funded) deliveries of Ukrainian grain and foodstuffs to developing countries. Under the initiative, 625 000 tonnes of wheat have been delivered to African countries since December 2022.

Memorandum of Understanding between the State Space Agency of Ukraine and the Kenya Space Agency on cooperation in the exploration and peaceful uses of outer space was signed on 25 October 2023.

Memorandum of Understanding between the State Space Agency of Ukraine and Geo-informatics and Space Technology Development Agency, Thailand on cooperation in the field of use of outer space for peaceful purposes was signed on 1 November 2023.

3. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 6: External Relations

CHAPTER 31 – Foreign, Security & Defence Policy

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Answers to the Guiding Questions

● ***Does the public administration, and in particular the Ministry of Foreign Affairs and the Ministry of Defence, have sufficient structures and equipment to be able to participate in CFSP and CSDP?***

The information about the structures of the Ministry of Foreign Affairs and the Ministry of Defence dealing with CFSP/CSDP provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***Does the country support the Global Strategy for the EU's Foreign and Security Policy of June 2016 and the Strategic Compass for Security and Defence?***

Ukraine continues to support the Global Strategy and the Strategic Compass. The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

● ***What is the focus of the country's foreign policy/political dialogues with non-EU actors?***

Ukraine actively works on restoration of the rule-based world order. It intensifies activities on the implementation of the Peace Formula of President of Ukraine Volodymyr Zelenskyy with the aim to restore respect for the Purposes and Principles of the UN Charter. This initiative provides Ukraine's vision of the necessary steps that should ensure not only comprehensive, just and lasting peace for Ukraine, but the security for the whole world.

● ***How many measures (including HRVP declarations, and Council decisions on restrictive measures) has the country aligned with since the beginning of the reporting period? To what extent has the country aligned with the EU position in international fora, including in the UN? What is the alignment rate? Has it decreased or increased compared to the previous reporting period? What measures has the country not aligned with and for which reasons? How does the country intend to fully align with CFSP measures until accession?***

Ukraine has consistently shown a strong commitment to aligning with CFSP measures.

Statistics of Ukraine's alignment with the declarations of the EU High Representative for Foreign Affairs and Security Policy on behalf of the EU for the 2023 calendar year amounted to 89% against 93% for 2022.

However, even with this slight decrease, Ukraine's dedication to harmonising its foreign policy with EU positions remains steadfast.

The level of alignment to date during January - March 2024 is 90%, indicating

a continued proactive approach to cooperation with the EU on key international issues.

While Ukraine values its partnership with the EU and strives for alignment on key issues, there are cases where our national interests diverge or require nuanced considerations.

In 2023, Ukraine abstained from alignment to 15 EU statements concerning various diplomatic positions and sanctions against third countries. These issues include the application of sanctions restrictions against Turkey (2), Congo (5), and Iran (1), as well as situations around Zimbabwe (1), Israel/Palestine (1), Congo (1) Serbia/Kosovo (1), and Guatemala's elections (1). Additionally, Ukraine abstained from aligning with restrictive measures related to Russia's actions destabilising the situation in Ukraine, such as the oil price cap. Ukraine did not accede to Council Decision (CFSP) 2023/1767 regarding restrictive measures against actions undermining Ukraine's territorial integrity, sovereignty, and independence, which removed three Russian businessmen, Farhad Akhmedov, Oleksandr Shulgin, Grigory Berezkin, and the late Colonel Georgiy Shuvayev, from the sanction's lists.

In 2024, Ukraine did not align with 4 EU Statements/Council Decisions:

- Council Decision (CFSP) 2024/383 of 22 January 2024 concerning restrictive measures in view of activities undermining the stability and political transition of Sudan;
- Declaration of the EU High Representative condemning the explosions in Kerman, Iran;
- Statement by the High Representative on behalf of the European Union on Hong Kong and the adoption of new national security legislation, published on 19 March;
- Statement by the High Representative of the European Union concerning the Democratic Republic of the Congo and the escalation of hostilities in the eastern part of the country, published on 4 March.

To address these areas of non-alignment, Ukraine is focusing on enhancing its diplomatic coordination, institutional capacity, and legislative framework.

By strengthening cooperation with EU institutions and member states, Ukraine aims to better understand and implement CFSP measures.

Furthermore, Ukraine remains committed to harmonising its foreign policy with EU standards and principles, recognizing the importance of regional stability and cooperation in line with European values.

To improve the alignment process, the Ministry of Foreign Affairs of Ukraine has put in place a modernised alignment procedure, aiming to enhance efficiency and speed of alignment. Each case of non-alignment falls under review of the leadership of the MFA.

In 2023, Ukraine aligned with 13 EU declarations within the Council of Europe,

during the first 3 months of 2024 – with 5 declarations.

In general, within the framework of the OSCE, in 2023, Ukraine aligned with 187 out of 198 declarations proposed for the alignment by the EU delegation (94%), during January - March 2024 - with 34 out of 36 (94%).

Within the UN, Ukraine aligned to 92% of the EU declarations in 2023, during January - March 2024 - to 94%.

• *Have the country's constitutional and legal arrangements for the implementation of EU restrictive measures, including economic sanctions, as well as its administrative structures and monitoring mechanisms changed in the reporting period? Is the country implementing the restrictive measures it has aligned with and preventing their circumvention? What are the main challenges related to implementation?*

In January 2024, by the order of the President of Ukraine, the State Register of Sanctions was enforced, which provides public access to up-to-date and accurate information about all individuals and entities under Ukrainian sanctions.

The Interagency Working Group on the Implementation of the State Sanctions Policy continues its work on amendments to the Law of Ukraine "On Sanctions" and other laws of Ukraine on improving the mechanisms of the state sanctions policy, as well as on the Procedure for preparing proposals of the Cabinet of Ministers of Ukraine regarding the application, cancellation and amendments to sanctions, approved by the resolution of the Cabinet of Ministers of Ukraine No. 888 of 30 November 2016.

The work on defining the list of sanctions decisions and regulations, the implementation of which will be expected from Ukraine in order to close Chapter 31 of EU law during the negotiations on accession to the EU, is also being carried out.

Overall, in 2023 national sanctions in the frames of their synchronisation with the decisions of Ukraine's international partners were implemented in 640 cases, including 332 persons and 308 legal entities.

• *Does the country have EU measures in place in the field of conflict prevention?*

No relevant developments during the reporting period.

• *Does the country participate in and comply with the different international regimes/instruments concerning the non-proliferation of weapons of mass destruction such as the Australia Group, the Missile Technology Control Regime, the Nuclear Suppliers Group, the Wassenaar Arrangement and the Zangger Group, as well as on exports of conventional arms?*

The Ministry of Economy of Ukraine, in cooperation with the State Export Control Service of Ukraine, has developed a draft law "On Amendments to the Law of Ukraine "On Protection of Interests of Entities Submitting Reports and Other Documents during Martial Law or a State of War" regarding the Renewal of Reporting in the Field of State Export Control", which provides for the resumption of reporting by entities engaged in international transfers of goods, timely and proper fulfilment by Ukraine of its international obligations in the field of international arms transfers control, non-proliferation of weapons of mass destruction, and prevention of terrorism.

● ***Does the country comply with the Chemical Weapons Convention (CWC) in terms of legislation and administrative measures?***

Ukraine fully complies with the provisions of the Chemical Weapons Convention and undertakes all possible steps to improve its implementation at the national level. Ukraine has launched the preparation of the National Action Plan for strengthening the implementation of the CWC in Ukraine for 10 years period (2024-2034). This Action Plan includes the following thematic topics:

- preventing the use of right control agents as the method of warfare; - prohibition of individuals and legal entities to carry out any activity prohibited by the CWC, also with adoption of relevant legislation;
- preparation of national declarations;
- support of the inspection groups of the OPCW;
- provision of export control;
- personnel training;
- protection of confidential information;
- establishment of the state analytical laboratory;
- international cooperation.

Ratification package of *ad hoc* Agreement between Ukraine and the Technical Secretariat of the Organisation for the Prohibition of Chemical Weapons on Privileges and Immunities for Technical Assistance Visits (TAV) was submitted to the Verkhovna Rada of Ukraine (reg. № 0244 of 2 January 2024). This Agreement is aimed at enhancing the mechanisms of technical cooperation between Ukraine and OPCW Secretariat and will serve as the legal basis to facilitate in-country OPCW technical assistance. OPCW TAV is of critical importance for Ukraine due to the fact of the blatant violation by the Russian Federation of the CWC, in particular by consistent use of the riot control agents (RCA) and other dangerous toxic chemicals against the Ukrainian military and civilians.

On 29 June 2024, the Law of Ukraine "On Ensuring Chemical Safety and Management of Chemical Products" will enter into force. Article 32 of this Law prohibits the development, production, accumulation, storage and use of chemical

weapons or their direct or indirect transfer by individuals or legal entities, by persons on the territory of Ukraine, as well as on the territories under the jurisdiction of Ukraine. The Defense Forces of Ukraine strictly observe international humanitarian law, including from fulfilling the requirements of the CWC. However, the Russian Federation violates the norms of the CWC, namely, using chemical means to fight riots as a means of waging war. Mobile intelligence units of the Armed Forces of Ukraine recorded and documented the use by the Russian Federation from 15 February 2023 to 20 March 2024 of 1 375 cases of the use of chemical means to fight riots. In connection with the coverage of the Russian Federation's violation of the provisions of the Chemical Weapons Convention by the delegation of Ukraine at the 28th session of the Conference of States Parties to the Convention on the Prohibition of Chemical Weapons, which took place from 27 November to 1 December 2023 in The Hague, the Kingdom of the Netherlands, the Russian Federation for the first time since existence of the Organization did not become part of the main executive body of the OPCW.

• ***Does the country have a national strategy for small arms and light weapons (SALW) and is it implemented? Does the management of stockpiles of SALW in the country, including the national registration system and database for SALW, function adequately?***

From June 2023 onward, the Unified Register of Weapons (URW) began to function in Ukraine as an information and telecommunications system of the Ministry of Internal Affairs of Ukraine, designed to automate the accounting of weapons circulation processes to the level of standards of operational procedures and the user's automated workplace, ensures the formation, storage, joint use and verification of information about rights in the sphere of circulation weapons, ammunition for them, main parts of weapons that have identification numbers and explosive materials, objects and subjects of these rights.

The functioning of the Unified Register of Weapons has improved control over compliance with the procedure for the manufacture, acquisition, registration, storage, protection, and use of weapons (including at the facilities of the permit system), identification of weapons or the main part of weapons with identification numbers, ammunition and explosives, and effective control by the state in the field of arms, ammunition, and explosives handling.

In June 2023, the Governments of Ukraine and France, Germany, the United Kingdom, the United States (the Quad), and the European Union (EU), established a special mechanism of cooperation at the senior expert level to coordinate efforts and discuss opportunities to mitigate the risk of illicit arms diversion due to Russia's ongoing war against Ukraine. Since then, the said Coordination Mechanism Ukraine Quad-EU has been fully operational. Thirteen international players (intergovernmental organisations and non-governmental agencies) contribute to the activities of the Mechanism, which are aimed at:

- strengthening border security in Ukraine and neighbouring states;

- bolstering the ability of security forces in Ukraine to account for, secure, and manage arms and ammunition during transfer, in storage, and when deployed;

- building the capacity of law enforcement, judicial officials, and border control agencies in Ukraine to deter, detect, and interdict illicit arms trafficking.

In September 2023, a National Focal Point (NFP) for combating illegal arms trafficking began to function at the Ministry of Internal Affairs. High-ranking experts from all involved authorities of Ukraine participate in the NFP meetings with the view to work out and take coordinated solutions to operational and investigative issues. Rigorous efforts are being applied to transform the National Focal Point into the National Coordination Center for Combating Illicit Trafficking in Weapons at the Ministry of Internal Affairs.

To ensure firearms control certain legislative amendments have been drafted: draft Laws of Ukraine "On the Right for Civilian Firearms", reg. No. 5708 and "On Amendments to the Code of Ukraine on Administrative Offences and the Criminal Code of Ukraine to Implement the Provisions of the Law of Ukraine "On the Right to Civilian Firearms", reg. No. 5709 of 25 June 2021, which are currently awaiting a second reading in the Verkhovna Rada of Ukraine.

The Regulation on the Coordination Center for Combating Illicit Trafficking in Firearms, Their Parts and Components, and Ammunition was drafted to establish a permanent advisory body under the Cabinet of Ministers of Ukraine - the Coordination Center for Combating Illicit Trafficking in Firearms, their Parts and Components, and Ammunition (hereinafter referred to as the Coordination Center).

The Order of the Ministry of Internal Affairs of Ukraine No. 206 of 1 April 2024 approved the updated Plan for the Implementation of the proposed by the EU list of actions to counter firearms and other small arms and light weapons (SALW) diversion in the context of Russia's war of aggression against Ukraine.

During a meeting of the Internal Security Dialogue between the European Union and Ukraine on 20 February 2024, participants reiterated the importance for both sides of effectively fighting the illicit trafficking of firearms and other small arms and light weapons (SALW) and the need to mitigate all possible risks in that respect. They noted the significant progress made towards the full implementation of the EU list of 11 actions and the setting up of the Ukrainian National Firearms Focal Point (NFFP) which will be part of an inter-ministerial Small Arms and Light Weapons coordination centre.

Regarding the national registration system and database on SALW, all weapons are currently registered in:

State database "Arsenal" (weapons of the Armed Forces of Ukraine, other military formations, and law enforcement agencies).

"Arsenal Arms" subsystem of the National Police Information Portal (weapons issued during martial law).

the "Registered Weapons" subsystem of the National Police Information Portal

(all civilian weapons and weapons of the licensing system).

the “Criminal Weapons” subsystem of the National Police Information Portal (seized, found, stolen and lost weapons, both civilian and military).

Weapons received from foreign partners are registered in the Armed Forces of Ukraine, and all information is subsequently entered into the state database Arsenal.

- ***What are the main types of hybrid threats the country is facing?***

The information provided by Ukraine as part of the 2023 Enlargement Package remains relevant.

- ***What is the legal and institutional framework of the country to counter hybrid threats? How far is it based on the whole of government approach?***

No relevant developments during the reporting period.

- ***What are the current priority domains (political, economy, information, cyber, etc.) for addressing hybrid threats and what relevant tools has the country put in place in these areas?***

No relevant developments during the reporting period.

- ***Does the country use threat assessments (based on scenarios)?***

No relevant developments during the reporting period.

- ***What tools are in place to respond to hybrid threats (e.g., crisis management procedures and/or business continuity plans)?***

No relevant developments during the reporting period.

- ***Has the country requested and/or cooperated in any EU Hybrid Risk Survey or has any plans to follow-up?***

No relevant developments during the reporting period.

- ***Of which key international organisations is the country a member? Have there been any significant developments during the reporting period as regards coordination of action in international organisations of which the country is a member or negotiating membership?***

Ukraine is a member of the wide range of international organisations, including the UN and its bodies, the World Bank, IMF, WTO, EBRD, Council of Europe,

OSCE, BSEC and others. Ukraine formally applied for NATO membership in 2022.

Ukraine regularly aligns with the statements delivered by the EU delegation or on its behalf within the international organisations.

• *What are the security procedures for the exchange of classified information with the EU?*

No relevant developments during the reporting period.

• *Does the country cooperate with the International Criminal Court for War Crimes in The Hague? Does it have/is it negotiating bilateral agreements with third countries in this respect?*

On 14 September 2023 the "Field office" of the ICC was opened, which ensured the strengthening of the investigation of military and other international crimes by the ICC Prosecutor's Office.

On 25 March 2022 "Affairs of Ukraine" Joint Investigator Group by the General Prosecutors of Ukraine, of the Republic of Lithuania and the Republic of Poland was created to ensure coordinated investigation of the crime of aggression, Russia's violation of the laws and customs of war and committing other war crimes. Later, Estonia, Latvia, Slovakia and Romania as parties, as well as Eurojust, the Office of the Prosecutor of the International Criminal Court and Europol joined as participants. From the moment of creation of the Group the subject of its investigation was expanded due to inclusion of the crime of genocide and crimes against humanity; the parties created the International center for the prosecution of the crime of aggression against Ukraine (ICPA), the purpose of which is prosecution of the political and military leadership of the Russian Federation. Currently, the term of the group's activity has been extended until 25 March 2026.

As of today, the Office of the Prosecutor General actively appeals to the application of the principle of universal jurisdiction of other countries and establishes cooperation with them. More than 20 countries conduct their own investigations of international crimes (war crimes, crime against humanity) committed by the armed forces of the Russian Federation on the territory of Ukraine.

In addition, cooperation with the competent authorities of the countries is ensured, which could potentially launch their own investigations in principle of universal jurisdiction.

• *To which EU civilian and military crisis missions and operations is the country contributing or ready to do so? Please specify the relevant missions and operations, and quantify the respective contributions in civilian, military and/or specialised (for instance medical) personnel?*

Currently Ukrainian representatives do not participate in the EU civilian and

military crisis missions and operations due to the full-fledged war of aggression waged by Russia against Ukraine.

• *To which UN peacekeeping missions is the country contributing or ready to do so? Please specify the relevant missions and quantify the respective contributions in civilian, military and/or specialised (for instance medical) personnel?*

Since the beginning 2023 to the present, the Armed Forces of Ukraine do not take part in any UN peacekeeping missions. The issue of resuming Ukraine's participation in the UN missions will be raised from the day of the termination or cancellation of martial law and considering the capabilities of the Armed Forces of Ukraine.

**Additional update of the information previously provided by Ukraine
in the framework of the 2023 Enlargement Package**

According to the order of the Ministry of Defense of Ukraine, the Ministry of Internal Affairs of Ukraine, the Security Service of Ukraine, the State Bureau of Investigation No. 12/DSK/324/DSK/478/DSK/172/DSK of 30 May 2022 "On Approval of the Procedure for Organizing Cooperation between the Ministry of Defense of Ukraine and Law Enforcement Agencies in Preventing, Stopping, and Solving Criminal Offences Related to the Theft (Loss), Misappropriation, Extortion of Weapons, Ammunition, Explosives, or Other Ammunition by Servicemen, explosives or other munitions", the units of the National Police of Ukraine enter information about stolen and lost weapons of the Armed Forces of Ukraine into the "Criminal Weapons" subsystem of the National Police Information Portal, and in cooperation with the Military Law Enforcement Service, take urgent measures to find such weapons.

The hybrid challenges have become an integral part of the modern conflict. Malicious cyber activities are among the most frequently used elements in the hybrid campaigns. In view of the above planning and implementation of organisational, technical and legislative measures on comprehensive improvement of the state's capabilities in the field of cybersecurity has been carried out.

In this regard, the Resolution of the Cabinet of Ministers of Ukraine No. 497 of 16 May 2023 "On approval of the procedure for searching and identifying potential vulnerabilities of information (automated), electronic communication, information and communication systems, electronic communication networks" introduced the mechanism for applying BugBounty.

Order of the Administration of the State Service of Special Communications and Information Protection of Ukraine No. 599 of 14 July 2023 approved the Methodological recommendations for the development of a public offer for the

search and identification of potential vulnerabilities of information (automated), electronic communication, information and communication systems, electronic communication networks.

The Resolution of the Cabinet of Ministers of Ukraine No. 299 of 4 April 2023 "Some issues of response by cybersecurity entities to various types of events in cyberspace" defined the stages of response to cyber incidents / cyber attacks and categories (levels) of their criticality and the relevant Methodological recommendations for the response of cybersecurity entities to various types of events in cyberspace, which are intended for cybersecurity entities, when taking cybersecurity measures in accordance with the stages of response to various types of events in cyberspace and determining the categories (levels) of their criticality.

Draft of the National response plan for emergency (crisis) situations in cyberspace has been developed for regulating the actions of cybersecurity entities aimed at responding to cyber incidents and cyberattacks on a national scale.

Also, the main efforts were directed to: minimise the unauthorised access risks to national electronic information resources, develop the response centres network for cyberattacks and cyber incidents Computer Security Incident Response Team (CSIRT), detect and process cyber incidents that occurred during 2023.

Analytical report «Russia's Cyber Tactics: Lessons Learned in 2022» to cover russia's cyber aggression against Ukraine in 2022 has been prepared. This report contains information on the activity of russian hacking groups, their motivation, attack methods and tools. Additionally, the analytical report «Russia's Cyber Tactics H1'2023» was published in September 2023 analysing the attackers' behaviour, goals, techniques, patterns, and capabilities. This information is essential for understanding the threat posed by russia to the countries around the world.

Information on the progress in implementing the European Commission's recommendations presented in the Ukraine 2023 Report in the framework of the 2023 Enlargement Package

Ukraine has a good level of preparation in the area of foreign, security and defence policy. Good progress is demonstrated by continued unprecedented political dialogue with the EU at all levels and significantly enhanced security and military cooperation with the EU and its Member States. Ukraine has also demonstrated progress in the overall alignment with Statements by the High Representative on behalf of the EU and Council Decisions. In the coming year, Ukraine should in particular:

- work towards the ratification of the Rome Statute of the International Criminal Court (ICC) and its related instruments,
- further maximise alignment with Statements by the High Representative on behalf of the EU and EU sanctions (Official EU Council positions and actions in the area of CFSP);
- pursue and further enhance political dialogue on foreign and security policy with the EU.

The information provided by Ukraine earlier remains relevant.

Ukraine has a good record of alignment with CFSP (statements by the High Representative on behalf of the EU and Council Decisions). For the calendar year of 2022 Ukraine reached 93% alignment and 89% alignment rate in 2023. The level of alignment during January - March of 2024 is 90%, which indicates continued proactive approach to cooperation with the EU on key international issues. To improve the alignment process, the Ministry of Foreign Affairs of Ukraine has put in place a modernised alignment procedure, aiming to enhance efficiency and speed of alignment.

Government Office for Coordination of European and Euro-Atlantic Integration,
Secretariat of the Cabinet of Ministers of Ukraine

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