

# RRR4U

Issue 3  
March 2024

## Monitoring of Implementation of the IMF program and the EU assistance





## Main points

**Cooperation with international partners is critically important for Ukraine.** The success of this cooperation depends on the financing of important budget expenditures, as domestic revenues are used for security and defense.

**The RRR4U consortium continues to regularly monitor** Ukraine's compliance with the IMF's financing program. After the third review, which is to be approved by the IMF Board, the program will be supplemented by new structural benchmarks.

**The EU has decided on the Ukraine Facility,** which will provide budget support after the fulfilment of indicators. On March 18, the Cabinet of Ministers approved the Ukraine Plan, which includes 150 indicators for implementation in 15 policy areas. **RRR4U will start monitoring them.**

It is not donors who need Ukraine to fulfil its obligations under financial support programs - **Ukraine needs it** to achieve macroeconomic stability and to move to economic growth and improve the welfare of Ukrainians. It is also a way to gain the trust of all international partners and foreign businesses.

The European Union, the IMF and other partners are ready to help. However, their goal is not just to provide money, but **to create the preconditions** for Ukraine's **economic development and growth.**

Our monitoring takes into account the results of the implementation of commitments to the IMF and the EU **as of March 2024.**



## How can Ukraine get \$37.3 bn in 2024?

**The need for external financing in 2024 is \$37.3 bn. This is a huge amount of money that needs to be covered to finance the state's priority expenditures that are not related to defence and security.**

The fate of part of this amount is not currently in Ukraine's hands. We are talking about \$8 billion in budget support, which is still being hotly debated in the United States.

At the same time, the disbursement of most of the funds directly depends on Ukraine's timely fulfilment of its obligations:

### ◆ **\$5.4 bn from the IMF**

4 tranches during 2024, it is necessary to comply with the terms of cooperation with the Fund.

### ◆ **€16 bn from the EU**

To receive €11.5 bn of this amount, certain conditions must be met. The rest will be provided without any requirements.

### ◆ **At least \$1,5 bn from the World Bank**

To receive these funds, the Parliament passed three bills, two of which were signed by the President, and one (No. 5865 on the Securities Commission) is still awaiting his signature.



# What has changed in the implementation of the IMF program?

**At the end of February, the Ukrainian authorities and the IMF mission reached a staff-level agreement on the third review of the financing program.** The IMF Executive Board is expected to approve the decision soon.

**This will unlock another tranche of about \$880 million for Ukraine.** Once the revision is approved, an updated Memorandum will be published. The RRR4U Consortium will continue to monitor the implementation of the benchmarks.

**Ukraine fulfilled the only benchmark under the program with a deadline of the end of February 2024,** proposing measures to increase budget revenues by 0.5% of GDP (Benchmark 22).

**By the end of March 2024, Ukraine needs to fulfil benchmark 12** and prepare a concept note on the 5-7-9 program to provide greater support to small and medium-sized enterprises, as well as **benchmark 32** on optimizing the work of the HACC.

**The next review of the program is due in June.** It will assess the implementation of the structural benchmarks with a deadline of the end of March 2024 (4 benchmarks will be assessed in total), as well as the quantitative performance criteria.

**The implementation of structural benchmark 23 on the restart of the Economic Security Bureau of Ukraine is currently problematic.** The relevant draft law must be adopted by the end of June 2024.



# Map of structural benchmarks implementation



## The IMF program

Fiscal sector/Financial sector



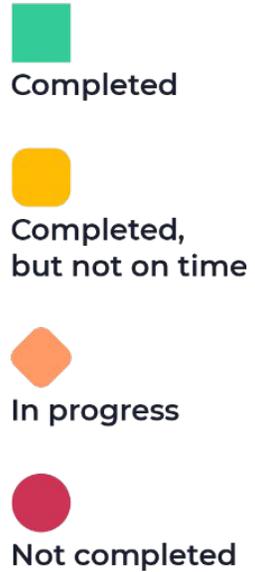
Monetary and Exchange Rate



Governance/Anti-Corruption



Energy/SOE Corporate Governance





## Ukraine Facility — a key source of financing

**A new EU support mechanism for Ukraine, which provides €50 billion over four years.**

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Financial support will consist of three pillars, namely: 1) direct support to the state budget, 2) a special investment instrument to cover risks in priority sectors, 3) technical support for reforms and interest coverage on loans, including those received earlier.

Direct support to the state budget will be provided on a quarterly basis, subject to the fulfilment of a certain list of indicators. These indicators will be determined on the basis of the Ukraine Plan, which the government approved on 18 March (see Slide 9).

**Ukraine is expected to receive €16 bn in budget support in 2024.**

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Ukraine received €4.5 bn on 20 March 2024 in the form of transitional financing.

Ukraine should receive another €1.5 bn in April, subject to a number of conditions (see Slide 8).

Upon approval of the Ukraine Plan by the European side, Ukraine will receive €1.9 bn in unconditional funding (tentative deadline - May 2024).



## Three pillars of the Ukraine Facility

### Direct support to the state budget (Pillar I)

**€38.27 bn**

**Including:**

- €6 bn Bridge financing in 2024
- €1.9 bn of Pre-financing in 2024
- €30.37 bn subject to the implementation of the Ukraine Plan (including €5,27 bn in grants)

**Funds to meet urgent budget needs.  
€16 billion expected in 2024.**

### Investment Fund (Pillar II)

**€6.97 bn**

**A special investment instrument to cover risks in priority sectors.**

**The aim is to attract public and private investment for the recovery and reconstruction of Ukraine in the form of guarantees and blended finance (a combination of EU loans and grants).**

### Technical support for reforms and interest coverage on loans (Pillar III)

**€4.76 bn**

**The funds will be used to cover interest on loans to Ukraine, including new loans and loans disbursed in 2022-2023, technical assistance and other areas of support to Ukraine, as well as to cover some administrative costs of the EU programme itself.**



# What do we need to do to get EUR 1.5 billion of bridge financing from the EU in April?

Nº	Commitments	Time	Status
1.1	The High Council of Justice establishes the Selection Commission on Conducting Competition to the High Council of Justice Service of Disciplinary Inspectors and launches the competition for its Head, Deputy Head and Disciplinary Inspectors.	The end of April 2024	Completed
1.2	Approval and entry into force of the Government Order on Approval of the Action Plan aimed at preventing and/ or mitigating the negative consequences of risks identified in the third round of the National Risk Assessment in the field of prevention and counteraction to legalisation (laundering) of proceeds of crime, terrorist financing and financing of proliferation of weapons of mass destruction for the period up to 2026.		Completed
1.3	Adoption of the National Revenue Strategy for 2024-2030		Completed
1.4	Adoption and entry into force of the resolution of the Cabinet of Ministers of Ukraine on approving the procedure for using budget program funds for the introduction of industrial parks support as a tool for attracting investments in the de-occupied areas.		In progress
1.5	The protocols of information interaction between the State Land Cadastre and the State Register of Property Rights on Real Estate are enabling the automatic data transfer about the price (value) of a real estate and property rights to it to the State Land Cadastre.		In progress



## Ukraine Facility: close link between money and reforms

On 18 March, the Cabinet of Ministers adopted the Ukraine Plan, a document that is a four-year economic development programme covering:

- 16 policy areas
- 69 areas of reform
- 150 indicators

**The Ukraine Plan - is a key element to receive funding from the EU under the Mechanism for Ukraine.**

(Importantly, the government emphasises that this is not a comprehensive document of state policy in all areas).

The indicators of the Plan are Ukraine's commitments, the fulfilment of which will allow it to receive tranches of support from the EU under the Mechanism.

**Important: in case of delays in meeting the indicators, the government will not receive the corresponding (clearly defined) amount of funds from the EU.**

- This time, however, the EU is quite flexible: a year is given to rectify the situation and still meet the indicator and receive the funds.

**The European Commission will assess the implementation of the commitments on a quarterly basis.** The Council of the EU will have the final say on whether it agrees with the assessment (which it has a month to do).

Therefore, failure to **meet the envisaged indicators in a timely manner will mean a delay in financial assistance** and, accordingly, an additional fiscal gap in the budget.

Special topic

# Medium-term budget planning



# Why is **medium-term budget planning** important?

## Medium-term budget planning helps:

- Predictability of fiscal policy in the medium term;;
- Coherence between strategic and budget planning;
- Better fiscal discipline;
- Better balance of spending needs and debt sustainability concerns;
- Better monitoring and oversight of expenditure liabilities.



# Medium-term budget planning

## important from a historical perspective

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In fact, for the first time, the IMF programme has several structural benchmarks related to the restoration and implementation of effective medium-term planning.

In 2014-2022, the importance of medium-term budget planning was emphasized in the Programme Reports, programme evaluations, and Article IV reports; it was also the subject of several technical assistance projects by IMF experts, the results of which were reflected in IMF reports.

The 2018 stand-by programme stipulates that the government will amend legislation to introduce medium-term budget planning and prepare a Budget Declaration for 2020-2022 in 2019:

- Accordingly, in December 2018, [the Budget Code](#) was amended to define the main elements of medium-term budget planning, to establish a mandate for monitoring and reporting on fiscal risks, and to strengthen public debt management;
- The government developed a Budget Declaration for 2020-2022, but it was not approved due to political factors (presidential elections).

The first and so far the only medium-term Budget Declaration was adopted in 2021 for [the period 2022-2024](#). In July 2022, the Ministry of Finance approved the Instructions for [the preparation of the Budget Declaration](#).

# Medium-term budget planning in the IMF's current programme



## Completed

The need to implement medium-term budget planning has been renewed.

Along with the draft State Budget for 2024, the government presented medium-term policy goals and a forecast of revenues and expenditures.

The medium-term State Debt Management Strategy was approved.



## In progress

The Ministry of Finance is working on the elaboration of the Budget Declaration for 2025-2027.

All key spending units are involved in the preparation of the document.



## Later in 2024

By the end of September, the government should analyse its previous experience in implementing medium-term budget planning.

By the end of the year, the Government should adopt an action plan that establishes a clear link between medium-term budget planning (declaration) and capital expenditures.

## **Budget declaration** - **is the connection between strategic planning and budgetary funding**

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The Budget Declaration for 2025-2027 should be clearly connected with a number of documents that define the reforms to be implemented.

In particular, we are talking about the following **documents**:

- The IMF programme, which sets out the structural benchmarks;
- The Ukraine Plan, which is the basis for the EU's assistance under the Ukraine Facility;
- Other reforms included in the Reforms Matrix published by the CMU: in fact, the Matrix is broader than the previous two documents, as it also includes other commitments. In particular, it refers to measures for EU membership, conditions for receiving funds from the World Bank, the US, etc.



## The Reforms Matrix as a tool for effective decision-making

- ◆ Having several support programmes with a large number of reforms at once creates a risk of duplication of commitments and inefficient implementation
- ◆ The Reforms Matrix includes an overview of the conditions and recommendations provided by Ukraine's international partners in key areas
- ◆ This document is intended for public administration and analysis and is a tool for effective implementation and monitoring of all planned activities
- ◆ The Matrix includes about 230 conditions and recommendations, 45% of which are duplicated

**RRR4U**



All RRR4U Consortium Materials



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# Monitoring of the implementation of structural benchmarks under the IMF program



completed  
on time



completed  
not on time



in  
progress



not  
completed





## Ukraine completed the first five structural benchmarks by the first review of the programme (June 2023)

### **BENCHMARK 1** Amendments to the Budget for 2023 - Defence Financing (end of April 2023)

The Parliament approved the government's amendments to the State Budget for 2023 to provide for increased and more sustainable funding for defence and security, as well as funds for urgent reconstruction. In particular, the expenditures appropriated to the reserve fund were doubled. In addition, two ministries were merged into a single Ministry of Communities, Territories and Infrastructure, which was given responsibility for the Fund for the Elimination of the Consequences of Armed Aggression.

### **BENCHMARK 2** Minimize ad hoc changes to the budget law and restore medium-term planning (end of May 2023)

To this end, the Parliament registered a draft law that, among other things, allowed the Rada to consider only those changes to the state budget that had received an expert opinion from the Ministry of Finance, and restored medium-term budget planning. In June, the Budget Committee updated the text, which later became law (see more in Benchmark #10).

### **BENCHMARK 3** Preparation of a tax change plan for the National Revenue Strategy roadmap (end of May 2023)

The Ministry of Finance has prepared an action plan, as noted in the IMF assessment under the first review.. The document should serve as a input for the preparation of the National Revenue Strategy (see benchmark N°20)

### **BENCHMARK 4** Registration of the draft law on capping state guarantees (end of May 2023)

These changes are intended to contribute to higher debt sustainability of the state. The provisions for the implementation of this milestone were included in the draft law No. 9346 together with the provisions for the implementation of milestone N°2 (see more in benchmark N°10)

### **BENCHMARK 5** Transparency and accountability of funds on the NBU's special accounts in UNITED24 (end May 2023)

In April 2023, the Parliament passed a law (No. 3035-IX) to enhance the transparency and accountability of accounts opened with the NBU by the spending units for charitable assistance and donations. This primarily concerned accounts on the UNITED24 platform. This finally provided a legal framework for transparent fundraising and spending from public charity accounts.



## **BENCHMARK 6** Prepare a strategy for the transition to a flexible exchange rate (June 2023)

**Sector:** financial sector

**Status:** completed on time

Right at the beginning of the full-scale invasion, the National Bank fixed the hryvnia and imposed strict currency restrictions. This was the right move, which prevented panic, reduced inflationary pressures, and stabilized Ukrainians' currency expectations.

Over time, the fixed exchange rate began to lose its benefits **as the acute phase of the crisis passed**. In general, a flexible exchange rate is much better for the economy. This benchmark provides for a gradual return to flexible exchange rate and the necessary easing of currency restrictions. The NBU has approved the relevant Strategy, thus fully and timely fulfilling the conditions of this benchmark.

**More details:** On June 29, 2023, the NBU Board approved the Strategy for easing currency restrictions, moving to greater exchange rate flexibility, and returning to inflation targeting. The public version of the Strategy was [published on](#) July 7. At the same time, the IMF has not set any deadlines for the implementation of this Strategy. The implementation of the strategy depends on whether macroeconomic conditions are favorable for the gradual removal of restrictions and the transition to a flexible exchange rate and inflation targeting.

The NBU is now gradually working on this and is removing currency restrictions in stages. For example, on October 3, the NBU switched to a regime of managed hryvnia flexibility, which is an intermediate stage between a fixed exchange rate and full flexibility.



**BENCHMARK 7** Restoration of pre-war taxation (end of July 2023)

**Sector:** fiscal sector

**Status:** not completed (completed with a delay)

Back in December 2022, the Ukrainian authorities promised to abolish the 2% tax for individual entrepreneurs, resume documentary inspections, and return penalties for violations of the use of cash registers. This step was supposed to increase the budget's own revenues. This was and still is important given the unprecedentedly large wartime budget deficit, which is currently being covered by foreign aid and loans. However, even foreign aid is not enough, and more resources are needed to finance the state's defense capabilities.

At the end of June 2023, the Verkhovna Rada adopted the relevant [draft law](#). However, this law returned inspections only for manufacturers of excisable goods, gambling, and financial companies. Other businesses could operate without inspections. IMF representatives were not satisfied with this: the Fund [said they were](#) waiting for a new law to be passed on the resumption of tax audits.

On November 9, the Parliament adopted in the second reading the [draft law №10016-d](#) with an expanded range of taxpayers who may be subject to documentary scheduled audits starting from December 1, 2023. At the same time, the President of Ukraine signed the law only in early December, so it came into force on January 08, 2023.



**BENCHMARK 8** Corporate governance reform of the GTS Operator: transfer the GTSO shareholding to the Ministry of Energy and adopt the new charter (end of July 2023)

**Sector:** energy/corporate governance

**Status:** not completed (completed with a delay)

The implementation of the benchmark will create a more transparent and efficient model for managing Ukraine's gas transmission system.

On July 28, 2023, the Verkhovna Rada [adopted](#) Law No. 3293-IX, which provides for the transfer of the corporate rights of LLC "Ukrainian Gas TSO" (GTSOU) to the management of the state represented by the Ministry of Energy of Ukraine. The law also obliges the appointment of an independent supervisory board of the GTSOU, which in turn will be responsible for appointing the head and members of the executive body of the Operator.

The first part of the benchmark was completed on September 22, when the Cabinet of Ministers [transferred the](#) corporate rights of GTSOU to the Ministry of Energy.

A month later, on October 27, JSC "Mahistralni Gazoprovody Ukrainy", which was the parent company of the GTSOU, was liquidated. The termination of the company is one of the steps towards the corporate reform of the GTS Operator and the transition to the target model of a single company.

The second part was completed only at the end of October, when the Ministry of Energy approved the updated GTSOU charter agreed with the Energy Community Secretariat. The document [appeared](#) on the company's website on October 31.

Thus, the benchmark was completed only by the end of October, three months late.

**BENCHMARK 9 Restoration of declaration by officials**

(end of July 2023)

**Sector:** governance/anti-corruption

**Status:** not completed (completed with a delay)

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One of the important steps on the way to returning to pre-war anti-corruption policies and procedures was to restore asset declarations by public officials.

In September 2023, the parliament passed a [draft law](#) stipulating that the register of declarations would remain closed for another year. Declarants could voluntarily open their data for public access. The public and international partners reacted negatively to this news. As a result, the President of Ukraine vetoed the law and submitted his own proposals, which opened the register of declarations immediately.

On September 20, 2023, the Parliament reconsidered the above-mentioned draft law and adopted it with the President's proposals. The law entered into force on October 12, 2023. On December 10, 2023, the National Agency on Corruption Prevention announced the opening of public access to the Register of Declarations.



**Benchmark 10** Resumption of medium-term budget planning, development of a debt management strategy and reducing risks from state guarantees (end of September 2023)

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

In July, the Parliament adopted the necessary [amendments to the Budget Code](#) to make fiscal policy more predictable in the medium term.

The government has already presented some indicators and targets for the three-year perspective in the materials for the draft State Budget for 2024. In the spring 2024, the government promised to adopt a Budget Declaration for 2025-2027, which should reflect the priorities of budget expenditures and the vision of the government's strategy in general.

The government committed to approve the Medium-Term Public Debt Management Strategy by the end of October 2023 (which corresponds to benchmark 12). This step is extremely important, as the level of public and publicly guaranteed debt increased from 50% of GDP to almost 80% of GDP during the full-scale war and will continue to grow. This is an unsustainable level for countries with weak institutions, but in Ukraine it is driven by the need to borrow for economic stability.

The Budget Code also made budget rules not applicable to the guarantees provided by the government for projects financed by international financial institutions (IFIs). Previously, this provision limited the government's ability to receive funds from IFIs. Now, the absence of the restriction will allow the government to increase borrowing for reconstruction and recovery projects, as there is a lack of domestic sources of funding



**Benchmark 11** Presentation of the medium-term budget forecast and fiscal risk statement as part of the 2024 draft State Budget package (end of September 2023)

**Sector:** fiscal sector

**Status:** completed on time

The steps outlined in the benchmark are intended to increase the predictability and resilience of the fiscal system.

On 15 September 2023, the government submitted to Parliament a [draft law](#) on the State Budget for 2024 with a long list of explanatory documents. The package included the following documents:

- planned KPIs for budget programmes in 2022-2026;
- forecasts of budgetary and macroeconomic indicators for 2025-2026, and priority fiscal policy objectives;
- Limit expenditures for the period 2022-2026

The documents also contained a report assessing the impact of macroeconomic risks and risks of state-owned enterprises on the budget. For example, the government assessed the impact of three macroeconomic scenarios on the operations of major state-owned enterprises, including Naftogaz, Energoatom, Ukrenergo and Ukrhydroenergo.

**BENCHMARK 12** Concept note on the 5-7-9 program to bigger support SMEs

(initially end of September 2023, postponed to end of March 2024)

**Industry:** fiscal sector

**Status:** not completed (postponed)

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Limited budget funding requires a review and conditional streamlining of the 5-7-9% loan program for businesses.

Initially, in 2020, the program "Affordable Loans 5-7-9%" was created to support small and medium-sized enterprises (SMEs) for which conventional bank loans were not available. Such loans were also issued for investment and startup support. After the full-scale invasion began, working capital coverage was added to the program and expanded to large companies. In fact, in 2022, the program became the main tool for business support and a "lifeline" for individual companies. In some banks, 80-90% of loans were issued under this program.

At the same time, due to the limited amount of funds in the budget, there is a need to return the program to supporting SMEs. Instead, in September, the government expanded the 5-7-9% program, which contradicts its commitment under the IMF Memorandum. For example, the government allowed companies in the energy efficiency and recycling sectors to use affordable loans. In addition, the maximum term of the program was increased to 10 years, and the program limit was raised to UAH 150 million, which is important for large companies.

The government is currently working on the concept. At the same time, in December 2023, the [government adopted amendments](#) to the resolution on providing support under this program, narrowing the provision of compensation for investment projects and working capital for non-priority sectors to small and medium-sized enterprises only (for working capital in priority sectors, large companies can still receive support).



## **BENCHMARK 13** Strengthening the financial monitoring of politically exposed persons (PEPs) (end of September 2023)

**Sector:** governance/anti-corruption

**Status:** not completed (completed with a delay)

In the Memorandum with the IMF, the Ukrainian side promised to resume enhanced financial monitoring of top officials (politically exposed persons, PEPs) in accordance with [FATE](#) standards. This step "should ensure a more effective fight against money laundering."

As a reminder, on November 19, 2022, [amendments](#) to the [law on financial monitoring](#) came into force, which reduced the term of the status of a politically exposed person (PEP) from lifetime to 3 years after leaving office. Thus, financial institutions had the right to conduct enhanced financial monitoring of PEPs only for 3 years after their dismissal. The adopted changes were [not in line](#) with international anti-money laundering standards.

Therefore, on October 17, 2023, Ukraine's parliament adopted a [draft law](#) that effectively restores the lifetime status of a politically exposed person (PEP). At the same time, it increases the liability of banks for unreasonable refusal to provide financial services to users. The [law](#) came into force on October 29, 2023.

It should be added that as part of the EU's macro-financial assistance, Ukraine also has to improve its anti-money laundering regulations. The program provides for changes in secondary legislation on beneficial ownership (commitment N°14).

*\*Politically exposed persons are persons who perform or have performed significant public functions in Ukraine. The full list of such positions is defined in Article 1 of the [Law on Financial Monitoring](#).*

**BENCHMARK 14** Strengthening banking supervision

(end of September 2023)

**Sector:** financial sector

**Status:** completed on time

The implementation of the benchmark will bring banking supervision in Ukraine in line with the EU directives. This is necessary to bring Ukraine closer to EU accession. The NBU fully and timely fulfilled the relevant requirements.

**Point I:** On April 21, 2023, the National Bank of Ukraine [separated the Department for](#) Monitoring of Related Parties and the Department for Integrated Banking Supervision.

**Point II: The** NBU has introduced supervisory panels without publicly communicating about it. Supervisory panels are supposed to advise the Supervisory Committee on issues and additionally independently analyze its decisions, facilitate horizontal communications between stakeholders, and highlight particularly important issues.

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



## **BENCHMARK 15** Tax and Customs should prepare a reform plan

(end of October 2023)

**Sector:** fiscal sector

**Status:** completed on time

The State Tax Service (STS) and the State Customs Service (SCS) are important implementers of the upcoming National Revenue Strategy (see benchmark 20). To ensure that the National Revenue Strategy is coherent and consistent, the IMF program added a structural benchmark to develop reform plans for both services.

The STS and the SMS had to prepare action plans by the end of October, which will be further integrated into the overall National Revenue Strategy (see benchmark 20). On October 23-27, representatives of the STS and the SMS met with the IMF to discuss the progress. The second review of the IMF program revealed that this benchmark was met on time and in full.

**More details:** On October 23, the STS [announced that it](#) would participate in the IMF technical mission together with the SMS to continue working on its reform plans. On October 31, following the meeting, the STS announced progress in fulfilling the task.

The State Tax Service and the State Migration Service are systemically important institutions not only for filling the budget, but also for shaping the attitude of business and citizens to the state. [Studies show a](#) low level of trust in the activities of fiscal authorities. Low trust is mainly due to non-transparency, slow customs clearance, and corruption. At the same time, the trust index has remained low since the beginning of the invasion, unlike many other institutions. Numerous attempts to reform these bodies by previous governments have not resulted in sustainable positive changes.



## **BENCHMARK 16** Update and publication of the Medium-Term Public Debt Management Strategy (end of October 2023)

**Sector:** fiscal sector

**Status:** completed on time

The medium-term strategy for public debt management will increase the transparency and predictability of fiscal policy and optimize the structure of public debt.

In accordance with the amendments to the Budget Code (see benchmarks #2 and #10), the government had to update the Medium-Term Public Debt Management Strategy. Public debt and publicly guaranteed debt to GDP has already increased from 50% at the end of 2021 to about 80% at the end of 2022 and may exceed 100% of GDP in 2024. Therefore, a clear Strategy should provide the necessary predictability of the government's debt policy.

A challenge for the preparation of the Strategy is the need to restructure the public debt in 2024, which is only at the initial stage of negotiations.

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



**BENCHMARK 17** Simplification of the system of declaration of public officials (end of October 2023)

**Sector:** governance/anti-corruption

**Status:** completed

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In addition to restoring asset declarations by public officials (benchmark N°9), the Ukrainian government promised to improve the declaration system. The changes should allow officials to automatically fill in information from other related databases and registries.

[The draft](#) law, adopted in September 2023, stipulates that the National Agency on Corruption Prevention will provide access to and automatic transfer of data from other registers and databases to the declaration form. At the same time, the function of automatically filling in the available data does not relieve the declarant of the obligation to indicate in the declaration all the information known to him or her, even if it is not available in other databases.

The [law](#) came into force on October 12, 2023.



**BENCHMARK 18 Corporate governance reform of the GTS Operator:  
appointment of a Supervisory Board** (end of October 2023)

**Sector:** energy/corporate governance

**Status:** completed on time

The implementation of the benchmark is important for the corporate governance reform of state-owned enterprises. Supervisory boards should eliminate the "manual control" regime in state-owned companies. This helps to transform state-owned enterprises into transparent, efficient, competitive companies that are able to attract investment and generate profits.

The benchmark can be considered a logical continuation of Benchmark No. 8 on the introduction of a single company to manage the gas TSO of Ukraine. On October 31, the Government [approved the](#) company's Supervisory Board: three independent members and one state representative, completing this benchmark in time. At the same time, the issue of appointing another state representative to form a full 5-member board remains.

According to the [Charter](#), the Supervisory Board of GTSOU should consist of five members, three of whom should be independent. As of mid-January, 5 members have not been appointed and there are no governmental statements on this matter. In turn, it was [reported](#) that Prime Minister Denys Shmyhal was promoting the candidacy of Viktor Pynzenyk for the position of state representative in the supervisory board of GTSOU, who previously held the same position in the supervisory board of JSC "Mahistralni Gazoprovody Ukrainy".

Thus, the benchmark is considered to be fulfilled, but the Government should keep in mind the quality of such fulfillment and appoint 5 members of the Supervisory Board of GTSOU.

**BENCHMARK 19 Better Public Investment Management**

(December 2023)

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

Improving the quality of public investment management (PIM) will allow for more efficient use of public funds in the context of limited budgetary resources. One of the steps should be the unification of PIM approaches and the competitive selection of projects for budget funding.

The World Bank estimates that \$411 billion will be needed to rebuild Ukraine. Private business should become an important source of funding for reconstruction. An important tool for attracting companies will be public-private partnerships (PPPs), which, unfortunately, are not yet working in Ukraine. Revising the approach to PPPs could help.

To change approaches to PIM, in December, the CMU adopted a draft [Roadmap for Public Investment Management Reform](#), which is intended to "create a context, vision of the basic principles and directions for elaborating an integrated, sustainable and effective public investment management system that ensures planning of investment projects based on strategic priorities and a medium-term budgetary framework, their selection in accordance with unified and transparent procedures and clear criteria, and implementation according to planned timing and financing".

This framework document envisages the creation of a targeted PIM model that meets the reconstruction principles developed by RRR4U: prioritization, sustainability, efficiency and effectiveness, transparency and accountability



## **BENCHMARK 20** Approval of the National Revenue Strategy by the end of 2023

(December 2023)

**Sector:** fiscal sector

**Status:** completed on time

### Details:

In the context of a full-scale war, Ukraine finances half of its state budget expenditures with foreign aid. This situation is not sustainable, and this dependence must be gradually eliminated. The National Revenue Strategy aims to create conditions for increasing domestic budget revenues. To do this, Ukraine needs to strengthen its ability to collect tax and customs revenues.

### The strategy includes the following measures mentioned in the IMF program:

- strengthening tax and customs authorities;
- closing the possibility to use the simplified taxation system instead of official employment of full-time employees;
- bringing VAT and excise taxes in line with EU legislation;
- Strengthening anti-corruption measures;
- reforms in the tax system.

On December 27, 2023, the [government approved](#) the National Revenue Strategy, meeting the conditions for the IMF program's benchmark to be activated. The adopted Strategy does not mention the reform of the Bureau of Economic Security, although the IMF program envisaged the inclusion of relevant proposals in the Strategy.

**BENCHMARK 21** Enhancing the institutional independence of the SAPO

(end of December 2023)

**Sector:** governance/anti-corruption

**Status:** completed

In the Memorandum with the IMF, the Ukrainian side indicated its intention to strengthen the effectiveness of anti-corruption institutions. The changes should also affect the Specialized Anti-Corruption Prosecutor's Office (SAPO). On September 15, to fulfill the benchmark, the government submitted to the Verkhovna Rada [draft law N°10060](#), which meets the requirements of the IMF and the EU and is aimed at:

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

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



**BENCHMARK 22** Propose budget amendments to find new revenue sources

(end of February 2024)

**Сфера:** fiscal sector

**Status:** completed

Financing defence and mobilizing tax and non-tax revenues remains one of the most important items on the fiscal agenda. Based on the conclusions of the Revenue Working Group established in December 2023, the government was to prepare short-term measures to increase revenues by at least 0.5 percent of GDP, with the aim of amending the 2024 budget as necessary.

The measures proposed by the Ministry of Finance to mobilise additional revenues are expected to increase budget revenues by UAH 44.2 billion. The measures include an increase in revenues from military and excise duties, and the introduction of monthly advance payments of corporate income tax by companies engaged in fuel retailing.

The Ministry of Finance [expects](#) that by the end of the first quarter of 2024, the necessary draft laws will be submitted to the Cabinet of Ministers and considered by the Verkhovna Rada.

**BENCHMARK 23** Rebooting the Economic Security Bureau

(end of June 2024)

**Sector:** fiscal sector**Status:** in progress

Ukraine should adopt a new law on the Bureau of Economic Security (BES), which should provide it with clear powers to investigate major economic crimes in line with best practices, and create a legal framework for the BES to select its management and staff. The law should respect the existing division of investigative powers between the BES and the NABU.

The new legislation will pave the way for the renewal of the BES management and detectives through transparent competitions. This will give the bureau a chance to turn into an effective body that will prevent economic crimes and schemes that cause budget losses.

Currently, the Verkhovna Rada is considering [draft law No. 10088-1, which was](#) recommended by the relevant committee for adoption in the first reading. However, at the end of December, the government prepared its own draft law, which was [criticized by](#) both specialized experts and the Speaker of the Verkhovna Rada for not meeting the standards agreed with the partners.

On 23 February, the Verkhovna Rada failed to vote on draft law No. 10439. Currently, there are a number of alternative draft laws in the Verkhovna Rada that are intended to restart the BES, but as of mid-March, there was no movement on any of them.

**BENCHMARK 24** Preparing the basis for bank rehabilitation

(end of December 2024)

**Sector:** financial sector

**Status:** in progress

The deadline for this benchmark has been moved from March 2024 to December 2024. The DGF, the Ministry of Finance, and the NBU should prepare a framework for the rehabilitation of the banking system.

The framework for bank rehabilitation will include: (i) mechanisms to support the DGF; (ii) measures to strengthen the banking system's operational readiness for unforeseen situations; (iii) improved procedures for bank resolution and early intervention measures; and (iv) alignment of the criteria for counterparty eligibility for NBU monetary policy operations and lender of last resort operations with international best practices.

As an interim step, the DGF and the NBU will prepare, in consultation with IFI stakeholders, (i) a diagnostic note by the end of February 2024 to assess the current infrastructure for resolving insolvent banks, including an analysis of current challenges; and (ii) based on the diagnostic, adopt a roadmap by the end of April 2024 that will set out a reform agenda to further strengthen the authorities' capacity to resolve and manage financial sector crises, in particular to address key gaps by the end of December 2024.

**BENCHMARK 25** Revision of tax privileges

(end of July 2024)

**Sector:** fiscal sector

**Status:** in progress

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The review of tax privileges should be a step towards broadening the domestic revenue base without raising tax rates. By the end of July 2024, the government should estimate the losses from all tax privileges and propose measures to reduce budget losses due to preferential taxation.

This step will help Ukraine increase its ability to increase domestic revenues, which is a crucial task given the need to ensure high defense spending and the expected decline in international financial support for Ukraine.

**BENCHMARK 26** New methodology for risk assessment in supervision

(end of June 2024)

**Sector:** financial sector**Status:** in progress

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The NBU is to introduce risk assessment methodologies for supervision in order to make informed decisions on supervisory priorities. The methodology will be applied to all banks, and a supervisory action plan will be prepared by the end of December 2024. While improving supervisory results, the NBU also plans to increase supervisory efficiency by improving the allocation of resources and processes by adjusting the organizational structure of banking supervision. This will be complemented by strengthening the professional capacity of banking supervision by developing the necessary professional profiles and introducing a multi-year training program for new employees.



**BENCHMARK 27** Medium-term budget planning: diagnostic review and update  
(end of October 2024)

**Industry:** fiscal sector

**Status:** in progress

The resumption of medium-term budget planning was among the important areas of changes in the already implemented structural benchmarks. Thus, medium-term forecasts of expenditures and revenues and a report on fiscal risks were submitted as additional materials to the draft State Budget Law for 2024. Medium-term budget planning increases sustainability by ensuring a predictable budget policy.

That is why, with the help of IMF technical assistance, the government plans to analyze its past experience in preparing the Budget Declaration (not very extensive, since only one Budget Declaration has been adopted).

The diagnostic review will become the basis for the preparation of the Budget Declaration for 2026-2028. It is intended to slightly change the approach to preparing for the bottom-up public finance management process to capture more detailed spending needs and ensuring better costing of public service financing.

**BENCHMARK 28** Estimation of fiscal and quasi-fiscal costs of SOEs

(end of September 2024)

**Industry:** fiscal sector

**Status:** in progress

Ukraine has a large number of state-owned enterprises, which sometimes create fiscal risks, but also bring fiscal and quasi-fiscal losses. An important reason for the deterioration in the financial situation of SOEs was the full-scale war. However, this is partly due to the government's policy of refraining from raising tariffs for electricity, natural gas, and other utilities for households. To cover the financial gaps, large SOEs either accumulate debts, which can then be covered by direct transfers from the state budget or by new borrowings from international official partners or IFIs. The latter, *ceteris paribus*, could be directed to the budget to finance urgent expenditures. SOEs' borrowings are guaranteed by the state, and therefore, in case of problems, the debt falls on the state.

That is why it is important to monitor the current financial situation of state-owned enterprises and conduct stress testing. This is exactly the kind of analysis and assessment that should be carried out within the framework of this structural benchmark for large SOEs that are most affected by a full-scale war. The results should be reflected in the fiscal risk report prepared annually by the Ministry of Finance as part of the budget process.



**BENCHMARK 29** Determining the link between the MTBF and capital expenditures  
(end of December 2024)

**Industry:** fiscal sector

**Status:** in progress

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This structural benchmark is a continuation of steps to improve the efficiency of public investment management, the roadmap for reforming which was adopted to implement Structural benchmark #19.

Given the need to finance the reconstruction, the government is expected to adopt a resolution that will provide for a clear link between medium-term budget planning and recovery and reconstruction priorities. The Ministry of Finance should play a key role in this process (which is actually a response to the confrontation between the Ministry of Finance and the Ministry of Reconstruction that occurred in the fourth quarter of 2023).

At the same time, the important role of coordination between the Ministry of Finance and line ministries responsible for the implementation of investment projects in the public sphere is defined.



**BENCHMARK 30** State-owned banks remain under management by the Ministry of Finance. Non-systemic nationalized banks will be transferred to the DGF for resolution

(permanent)

**Industry:** financial sector

**Status:** in progress

Ukraine represented by the Cabinet of Ministers is the registered owner of the three publicly owned banks (Oschadbank, Ukreximbank, and Privatbank). Ukrgasbank and Sens Bank are owned by Ukraine as represented by the Ministry of Finance. In practice, the Ministry of Finance acts as the shareholder of all state-owned banks, although the Government formally takes key decisions are upon the proposal of the Ministry of Finance.

During the war, Sens Bank (formerly Alfa) and PINbank (First Investment Bank) were nationalized. Sense Bank was sold to the state for UAH 1 by the DGF as part of the bank resolution procedure due to sanctions against its owners. On January 17, 2024, 89% of PINBank's shares were registered to the state, represented by the State Property Fund, based on a decision of the HACCC that came into force in March 2023.

The status of implementation of the benchmark depends on whether it applies to already nationalized banks at the time of its establishment and whether it requires expanding the powers of the Ministry of Finance to act as a shareholder of state-owned banks in all matters. In our opinion, the current rules for the management of state-owned banks provide sufficient powers to the Ministry of Finance, and the requirement to transfer non-systemic banks to the DGF applies to banks nationalized after the completion of the IMF program review.



## **BENCHMARK 31** Audit of the financial status of the district heating companies before and after February 2022 (end of June 2024)

**Sector:** energy

**Status:** in progress

The benchmark will help determine the amount of debt and the financial condition of district heating companies (DHCs), including the reasons for the accumulation of debt before and after the start of the war, on the eve of the 2024/25 heating season.

Thus, [according](#) to Naftogaz of Ukraine, as of February 21, 2022, the total overdue debt of DHCs and CHP plants to Naftogaz is 49.1 billion UAH (including 39.3 billion UAH for gas for heat production). At the beginning of the heating season in 2023, the state's debt on the difference in tariffs [amounted to](#) about 36 billion UAH, and according to preliminary [estimates, it](#) will exceed 54 billion UAH in 2024.

In the [Letter of Intent](#) dated December 1, 2023, the Ukrainian side noted that DHCs had accumulated a significant amount of debt to Naftogaz before and after the war, which is a result of the accumulated difference in tariffs and the impact of the war. The issue will be resolved in a comprehensive manner when the war-related pressure on the budget is reduced by developing a new tariff methodology. However, the signatories (the President, the Prime Minister, the Minister of Finance, and the Governor of the NBU) also added that the amount of debt and the financial condition of the DHCs will be determined through a desk audit conducted by a reputable audit firm, which will distinguish between debt incurred before and after February 2022.

The issue of auditing district heating companies is not new. Back in 2019, the government [instructed the](#) Ministry of Regional Development and the State Audit Service to audit all DHCs to ensure that the cost of heat and water was objective. In January 2022, before the full-scale invasion, the Cabinet of Ministers again [ordered an](#) audit of the extent to which Naftogaz's activities (in particular, fixed-price contracts) subsidize gas prices for households and DHCs. Therefore, the benchmark is a logical continuation of the previously launched process to accurately diagnose the problem of district heating companies' debts, which will allow for their comprehensive settlement.



## **BENCHMARK 31** Audit of the financial status of the district heating companies before and after February 2022 (continuation) (end of June 2024)

**Sector:** energy

**Status:** in progress

At the end of December 2023, the Verkhovna Rada registered Draft [Law No. 10383](#) "On Amendments to the Law of Ukraine "On the State Budget of Ukraine for 2024" on Compensation of the Tariff Difference", which was developed, in particular, to address the problem of the debt of the DH companies. However, as of March 2024, the draft law is still under consideration, and the [expert opinion](#) of the Ministry of Finance does not support the adoption of this draft law.

The issue of auditing district heating companies is not new. Back in 2019, the government [instructed](#) the Ministry of Regional Development and the State Audit Service to audit all district heating companies to ensure that the cost of heat and water was fair. In January 2022, before the full-scale invasion began, the Cabinet of Ministers again [commissioned](#) an audit of the extent to which Naftogaz's activities (in particular, fixed-price contracts) subsidise gas prices for households and DH companies. From February to September 2023, the State Audit Service of Ukraine [inspected](#) a number of heat supply companies in different regions that are entitled to reimbursement of tariff differences from the budget and found that the amount of reimbursement of tariff differences was overstated by more than UAH 4 billion.

The audit process has partially begun, but this cannot indicate that the lighthouse has been completed, which should reflect an accurate diagnosis of the problem of the DHCs' debts before the war and after February 2022, which will allow for a comprehensive settlement. However, there is still time to fulfil the benchmark.

**BENCHMARK 32 Optimize and improve the efficiency of the HACC**

(deadline - end of March 2024)

**Sector:** governance/anti-corruption

**Status:** in progress

The need to implement the benchmark is due to the excessively long consideration of criminal proceedings by the High Anti-Corruption Court (HACC) due to the heavy workload of judges. To solve this problem, the Ukrainian side should amend the legislation to allow cases to be considered in the first instance by one anti-corruption judge or a panel of three anti-corruption judges.

It should be added that in October 2023, the relevant [draft law №10178](#) was registered in the Parliament. The draft law provides for the exclusion from the Criminal Procedure Code of Ukraine of special provisions on mandatory criminal proceedings for crimes within the jurisdiction of the High Anti-Corruption Court in the first instance by a three-judge panel. According to its authors, the adoption of the draft law will help improve the efficiency of the HACC by significantly reducing the workload of each judge and ensuring proper dynamics of criminal proceedings in compliance with reasonable time limits.

**BENCHMARK 33 Complete the external audit of NABU and publish its report**

(deadline - end of September 2024)

**Sector:** governance/anti-corruption

**Status:** in progress

The issue of conducting an external audit of the NABU has been on the Ukrainian agenda for quite some time. Both the International Monetary Fund and the European Commission have repeatedly pointed out the need for it. In the [Memorandum for Economic and Financial Policy of December 5, 2018, the](#) Ukrainian government promised to complete the external audit of the NABU by the end of July 2019. However, this promise was not implemented.

According to the updated Memorandum, the Ukrainian government has until the end of September 2024 to conduct an external audit of the NABU with the participation of three independent experts with international experience and publish its report.

According [to the](#) Foundation's experts, "the external audit of NABU will provide an impartial and formal assessment of NABU's activities since its establishment in 2015 and may identify areas for improvement and contribute to strengthening NABU's accountability, especially in light of the proposed [draft law](#) to increase its staff from 700 to 1000 people".



**BENCHMARK 34** Create a new administrative court to replace the dissolved Kyiv District Administrative Court (deadline - end of July 2024)

**Sector:** governance/anti-corruption

**Status:** in progress

In December 2022, the Parliament liquidated the Kyiv District Administrative Court, which considered disputes involving central executive authorities. The KDAC's cases were to be transferred to the Kyiv District Administrative Court until a new Kyiv City Administrative Court was established.

However, the European Commission in its [Report](#) published in November 2023 noted that after the liquidation of the KDAC, access to justice in cases involving central authorities is deteriorating, as a new court has not yet been established and the court with temporary powers is overcrowded. Therefore, the EC, as well as the IMF, points to the need to create a new administrative court staffed by properly vetted judges.

Therefore, the Ukrainian government committed to adopt a law establishing a new court that will be proceeding administrative cases against national government agencies (e.g., NBU, NABU, NACP) by judges who have been duly vetted for professional competence and integrity, with the decisive and determining vote of independent experts with international experience.

[According](#) to IMF experts, the creation of a new administrative court will help strengthen the independence of the judiciary and predictability of dispute resolution for businesses.



## **BENCHMARK 35** Improving the management of state-owned enterprises (deadline - end of August 2024)

**Sector:** corporate governance of SOEs

**Status:** in progress

For years, state-owned enterprises (SOEs) have been a source of inefficiency and fiscal risks. To improve efficiency, a corporate governance reform of SOEs was introduced but has not yet been completed.

In the Memorandum, the Ukrainian side stated its intention to improve the efficiency of SOE management through further reform of SOE corporate governance in close cooperation with international partners, in particular:

- to adopt a law on corporate governance of SOEs (this refers to the [draft law №5593-d](#) on improving corporate governance, which as of the end of January 2024 is being prepared for the second reading (adopted as a basis in July 2021));
- implementation of relevant bylaws;
- assessment of the financial condition and fiscal risks of state-owned enterprises in the state ownership policy by the end of March 2024 (as an interim step in the implementation of Structural benchmark 28)
- **Structural benchmark #35** envisages the development of a comprehensive state ownership and dividend policy, as well as a privatization strategy. It is likely that the privatization strategy will take into account past approaches to triage.

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

It should be added that the IMF does not support the idea voiced by Ukrainian politicians to create a state holding company that would be responsible for all state-owned enterprises. [According to the](#) Fund's experts, this is premature given the financial and potential management risks.



# APPENDIXES





# IMF Structural benchmarks - table in the second review

No.	Structural benchmark	Sector	Time	Status
1	Enact the second supplementary Budget 2023	Fiscal	End of April 2023	Completed
2	Submit to Parliament a draft law to restore and strengthen Article 52 of the Budget Code to minimize ad hoc amendments to the budget law	Fiscal	End of May 2023	Completed
3	Prepare an action plan, including to address the weaknesses identified in taxpayers' perception survey, as an input into National Revenue Strategy roadmap	Fiscal	End of May 2023	Completed
4	Submit to Parliament a draft law which will reinstate articles of Budget Code that establish limits on issuance of public guarantee with clear criteria for such provision (including for priority sectors)	Fiscal	End of May 2023	Completed
5	Enact amendments to the Budget Code and related regulatory framework to enhance transparency and accountability of the special accounts and consolidate them within general government as a special fund of the State Budget	Fiscal	End of May 2023	Completed
6	Prepare a conditions-based strategy to move to a more flexible exchange rate, ease FX controls and transition to inflation targeting	Monetary and exchange rate	End of June 2023	Completed

No.	Structural benchmark	Sector	Time	Status
7	Adopt the draft law on tax policy and administration prepared under the PMB	Fiscal	End of July 2023	Not completed (completed with a delay)
8	Transfer the GTSO shareholding directly to the Ministry of Energy and adopt the new charter	Energy / Corporate Governance	End of July 2023	Not implemented (implemented with a delay)
9	Enact the law to restore asset declaration of public officials not directly involved in the mobilization and war efforts and reinstating the NACP's function to examine and verify them	Governance / Anti-Corruption	End of July 2023	Not completed (completed with a delay)
10	Enact the articles of the Budget Code that allow preparation of the medium-term budget framework, elaboration of the debt strategy, and ringfence of risks from guarantees	Fiscal	End of September 2023	Completed
11	Present in the 2024 budget declaration projections for major revenue and spending categories and sources of deficit financing for 2025-2026, and a fiscal risks statement including details on energy and critical infrastructure SOEs	Fiscal	End of September 2023	Completed
12	Develop a concept note on the 5-7-9 program with proposals to target small and medium enterprises by phasing out the eligibility of large companies, enhance monitoring, and maintain adequate safeguards	Fiscal	Postponed to the end of March 2024	Not completed

No.	Structural benchmark	Sector	Time	Status
13	Amend the AML/CFT Law to restore the obligation of financial institutions to implement enhanced due diligence measures for politically exposed persons, consistent with a risk-based approach that is in line with FATF standards	Governance / Anti-Corruption	End of September 2023	Not completed (completed with a delay)
14	Strengthening the management and supervision of banks by: (i) separating the related party unit from the banking supervision unit, (ii) introducing "supervisory panels" as an advisory body to the Supervisory Committee, and (iii) resuming scheduled on-site inspections of banking and non-banking institutions, leaving staff security issues to the NBU	Financial sector	End of September 2023	Completed
15	Preparation of action plans by the State Border Guard Service and the State Customs Service, including short- and medium-term measures covering key reform areas identified by the upcoming diagnostic, which will be integrated into the overall National Revenue Strategy	Fiscal	End of October 2023	Completed
16	Update and publish the Medium-Term Debt Management Strategy to align it with the program objectives	Fiscal	End of October 2023	Completed
17	Simplify the asset declaration system through linking with other databases and registers consistent with the public officials' legal obligations to make truthful and timely submissions	Governance / Anti-Corruption	End of October 2023	Completed

No.	Structural benchmark	Sector	Time	Status
18	Select and appoint a supervisory board for the GTSO	Energy/Governance	End of October 2023	Completed
19	Review the current PIM procedures and develop a roadmap of measures so that: (i) all public investment projects follow unified PIM approaches, including PPPs; (ii) investment projects are selected on a competitive basis, with transparent selection criteria, and consistent with the medium-term budget framework; (iii) stronger powers are provided to MoF, including a clear gatekeeping role during the different stages of the investment project cycle	Fiscal	End of December 2023	Completed
20	Adopt the National Revenue Strategy	Fiscal	End of December 2023	Completed
21	Adopt legislation to enhance the institutional autonomy and effectiveness of the SAPO by being designated as a separate legal entity, and specifically, on the selection procedures, capacity to regulate organizational activities, mechanisms for discipline and accountability, and autonomy under the criminal procedural code	Governance / Anti-Corruption	End of December 2023	Completed
22	Based on findings of the revenue working group, prepare short-term revenue measures (tax and non-tax) with yields of at least 0.5 percent of GDP ready to be included in budget 2024	Fiscal	End of February 2024	Completed
23	Adopt a new law (consistent with ¶25 of the MEFP) on the ESBU that has a clear mandate and scope for investigative powers consistent with good practice by focusing on major economic crimes; establishing legal basis for operation of the ESBU in terms of the selection of management and staff. The law will respect the existing delineation between the investigative powers of the ESBU and the National Anti-corruption Bureau of Ukraine (NABU)	Fiscal	End of June 2024	In progress

No.	Structural benchmark	Sector	Time	Status
24	Prepare a bank rehabilitation framework in consultation with the DGF and IMF staff	Financial sector	End of March 2024	In progress
25	Prepare an assessment of the effectiveness of tax privileges, including their cost to the budget, in order to have a unified reform approach	Fiscal	End of July 2024	In progress
26	Implement a supervisory risk assessment methodology to inform supervisory engagement priorities	Financial sector	End of June 2024	In progress
27	With the help of IMF TA, produce a diagnostic review of pre-war MTBF policies and practices relative to best practices to identify key weaknesses and work towards strengthening strategic budgeting, leveraging bottom-up PFM processes to capture more detailed spending needs and costing of new public services	Fiscal	End of October 2024	In progress
28	Identify major public companies severely affected by the war and prepare a review of potential fiscal and quasi-fiscal costs	Fiscal	End of September 2024	In progress
29	Based on the outcomes of a roadmap on development of PIM procedures, adopt a government decree with an action plan and timeline that provides clear linkages between MTBF and capital expenditures, including reconstruction priorities, and specifying the gatekeeper role of the MoF	Fiscal	End of December 2024	In progress
30	All banks with majority public ownership remain under the shareholder management at the MoF and any nationalized non-systemic banks will be transferred to the DGF for resolution	Financial sector	Permanent	In progress

No.	Structural benchmark	Sector	Time	Status
31	Determine the stock of arrears and assess financial conditions of District Heating Companies (DHCs) through a desk review by a reputable audit firm, including by separating arrears until and after February 2022	Energy	End of June 2024	In progress
32	Enact amendments to the procedural code to rationalize matters or issues to be heard at the first instance by one anti-corruption judge or by a panel of three anti-corruption judges	Governance/ Combating corruption	End of March 2024	In progress
33	Complete an external audit of the National Anti-Corruption Bureau of Ukraine's effectiveness with participation of three independent experts with international experience and publish its report	Governance/ Combating corruption	End of September 2024	In progress
34	Enact a law to establish a new court that will hear administrative cases against national state agencies (e.g., NBU, NABU, NACP) by judges who have been properly vetted for professional competence and integrity	Governance/ Combating corruption	End of July 2024	In progress
35	Produce a SOE state ownership policy, dividend policy and privatization strategy	Corporate governance	End of August 2024	In progress