

Comparative analysis of European and Ukrainian legislation in the field of regional policy and coordination of structural instruments

Prepared by:

Iana Okhrimenko, Senior Economist at CES

Date

30 September 2025

CONTENTS

Key points	5
1. The basics of EU regional policy	5
2. Key facts about regional policy in Ukraine.....	6
3. Legal basis for cohesion policy	7
3.1. European legislation.....	7
3.2. Ukrainian legislation	8
3.3. Main gaps	9
3.4. Recommendations.....	9
4. Framework regulation and functioning of cohesion policy funds	9
4.1. European legislation.....	9
4.2. Ukrainian legislation	10
4.3. Main gaps	12
4.4. Recommendations.....	13
5. Territorial cooperation.....	13
5.1. European legislation.....	13
5.2. Ukrainian legislation	13
5.3. Main gaps	14
5.4. Recommendations.....	14
6. Territorial statistics and zoning.....	15
6.1. European legislation.....	15
6.2. Ukrainian legislation	15
6.3. Main gaps	16
6.4. Recommendations.....	16
7. Partnership and multi-level governance	17
7.1. European legislation.....	17
7.2. Ukrainian legislation	17
7.3. Main gaps	18

7.4. Recommendations.....	18
8. Horizontal financial and procedural rules/cross-cutting issues	19
8.1. European legislation.....	19
8.2. Ukrainian legislation.....	19
8.3. Main gaps	20
8.4. Recommendations.....	21
9. Key corruption risks	21
10. Conclusions and recommendations	23
Appendix 1. Comparative table of the European acquis section 22 and Ukrainian legislation	27

The Centre for Economic Strategy (CES) is an independent public policy research centre. The CES's mission is to support reforms in Ukraine with the aim of achieving sustainable economic growth in the country. The Centre contributes to the development of Ukraine's economic growth strategy, conducts independent analysis of the most important aspects of public policy, and works to strengthen public support for reforms. Founded in May 2015.

Our principles:

- Economic freedom (liberalisation, deregulation, privatisation)
- Free and fair competition
- A smaller role for the state in order to increase its efficiency
- Information transparency and freedom of speech
- Rule of law and protection of private property
- Healthy and stable public finances
- An economy based on knowledge

For more information and comments, please contact Communications Director Viacheslav Nozdrin at viacheslav.nozdrin@ces.org.ua. We also invite you to visit our [website](#).

KEY POINTS

This report assesses Ukraine's readiness in the areas covered by Negotiation Chapter 22, "Regional Policy and Coordination of EU Structural Instruments" (within Cluster 5, "Resources, Agriculture and Cohesion Policy"). It identifies key legislative gaps, sources of corruption risks, and outlines priority next steps.

In the EU, regional policy works as an integrated mechanism: multi-annual programming with clear roles and responsibilities, mandatory ex-ante conditionalities, uniform data standards and beneficiary transparency, as well as financial corrections. In Ukraine, such foundation has been laid, but there is no "single code" for regional development policy. The task for the near future is to transform this set of elements into a coherent system of rules and procedures that reduces discretion, strengthens accountability, and paves the way for scaling up European investments without increasing risks.

Key recommendations should allow EU investments to be scaled up without compromising efficiency and integrity:

- Strengthen the framework legislation for regional policy by introducing European elements: seven-year plans, clear rules, defined responsibilities, and a transparent system of checks and corrections.
- Select and finance projects only if they meet basic requirements (approved strategies, compliance with environmental standards, no conflicts of interest, involvement of key stakeholders).
- Create a single digital project management system: a shared database, open data and user-friendly public dashboards.
- Make community participation and fair competition a prerequisite for funding: public consultations, a return to open tenders, effective safeguards against collusion, and increased requirements for large contracts.

1. THE BASICS OF EU REGIONAL POLICY

The EU's [cohesion](#) policy developed in response to the risk that integration and the common market would widen the gap between central and peripheral regions. Strategic planning and monitoring are coordinated by the Commission, while implementation and project selection are carried out at the national level in accordance with agreed operational programmes. The principle of multi-level governance involves the participation of regions, cities and civil society at all stages.

Cohesion policy is financed through the following main funds:

- [The European Regional Development Fund \(ERDF\)](#), which invests in infrastructure, innovation, SMEs and energy efficiency;
- [The European Social Fund Plus \(ESF+\)](#) to support employment, education and social inclusion (together with the ERDF, the total amount of EU funding for 2021-2027 is approximately [€313 billion](#));

- [Cohesion Fund \(CF\)](#), which invests in large transport and environmental projects for countries with a per capita income below 90% of the EU average (total EU funding for 2021-2027: approximately [€37 billion](#));
- The Just Transition Fund ([Just Transition Fund – JTF](#)), a new cohesion policy instrument aimed at supporting regions experiencing the greatest socio-economic impact of the green transition (EU funding for 2021-2027: approximately [€19 billion](#)).

Taking into account co-financing from national budgets and private funds, the total investment effect of cohesion policy in 2021-2027 [exceeds €520 billion](#).

In the past, cohesion policy has proven effective in reducing the gaps between the "old" and "new" EU Member States. The most striking example is Poland, where per capita income has grown from ~50% to ~80% of the EU average in two decades of membership, [largely thanks to productive investments](#).

The amount of funding under cohesion policy and the effectiveness of its use directly depend on the quality of regional governance. Therefore, harmonisation of legislation in this area is critically important for Ukraine as a candidate for EU membership.

2. KEY FACTS ABOUT REGIONAL POLICY IN UKRAINE

Ukraine has [some level of preparation](#)¹ for accession in terms of negotiation chapter 22. Ukrainian regional policy has changed significantly over the last decade. However, despite the existence of a foundation for a comprehensive regional policy (legal framework, strategy, institutions, basic monitoring and evaluation procedures), key elements of the "European cycle of shared governance" have not yet been brought up to EU standards.

The key catalyst for change was the decentralisation reform launched in 2014, which [shifted the balance between the centre and the periphery by expanding the powers and financial resources of local self-government](#). At the same time, the administrative capacity of local communities remains uneven (especially in war-affected regions), creating risks of policy fragmentation and dependence on central funding. Regional economic disparities in Ukraine [have deepened](#) over the past two decades.

[The State Strategy for Regional Development 2021–2027](#) (the basis of Ukrainian regional policy) was updated in [2024](#) and [2025](#) to take into account the realities of war and future EU membership, as well as to link regional policy to [the Ukraine Plan](#) and public investment management reform.

Poland and Czechia have undergone a path of decentralisation similar to Ukraine, have been operating within the framework of EU cohesion policy for many years, and have detailed national regional development frameworks: [Krajowa Strategia Rozwoju Regionalnego \(KSRR-2030\)](#) in Poland and [Regional Development Strategy \(iRDS-2021+\)](#) in Czechia. Therefore, when assessing the quality of the Ukrainian strategy, it is advisable to focus on these countries.

¹ The European Commission assesses preparedness using an ordinal scale: early stage; some level of preparation; moderately prepared; good level of preparation; and well advanced.

Similar to the Polish and Czech strategies, the Ukrainian Strategy takes into account key challenges and medium-term goals (recovery, integration of internally displaced persons, infrastructure sustainability). The Ukrainian Strategy also establishes a cycle of preparation-screening-selection-monitoring-evaluation for projects. Similar to the Czech RDS (with a division into metropolises, agglomerations and "developing" territories) and the Polish KSRR (with separate objectives for cities, regions and rural areas and an emphasis on S3), the Ukrainian Strategy also works with typologies of territories and is based on the smart specialisation approach. However, there is a number of differences:

- KSRR has a clear internal structure: it defines who is responsible for implementation, how the government and local authorities coordinate, what instruments are used (operational programmes, regional development programmes), what sources of funding are involved and how effectiveness is assessed. This creates a unified management logic, from planning to monitoring. In the Ukrainian Strategy, these elements are present but fragmented. There is no single agreed "code of joint management" that would combine all the elements into a single system.
- In Poland and Czechia, integrated territorial investment and community-led development serve as the basic instruments of regional policy. They are used for the development of agglomerations, small towns and rural areas, and have established procedures for project selection, co-financing and management. In Ukraine, such approaches are only partially used and do not have official status, specific criteria or procedures.
- The Polish strategy has a clear financial structure: a list of forms of support, sources of funding, volumes and principles of complementarity between the state budget, European funds and local resources. In Ukraine, the sources of funding are also defined (State Regional Development Fund, local budgets, international aid), but the Strategy itself lacks a logic for aligning these funds with the medium-term budget declaration or "efficiency reserve" mechanisms (i.e., the redistribution of funding based on results).

The following sections provide a more detailed comparative analysis of European and Ukrainian legislation in the field of regional policy and structural instruments.

3. LEGAL BASIS FOR COHESION POLICY

3.1. EUROPEAN LEGISLATION

Cohesion policy aims to promote balanced economic, social, and territorial development across the EU and to narrow gaps between regions. The main principles of the policy are established in the [Treaty on the Functioning of the European Union](#):

- Article 174 states that the Union's main objective is the harmonious development of all territories by reducing economic, social and territorial imbalances.
- Article 175 provides the legal basis for the functioning of the Structural Funds, Cohesion Funds and other instruments, and provides for co-management (cooperation between the Commission and Member States) and reporting on progress.
- Article 176 defines the objectives of the European Regional Development Fund (ERDF), an instrument through which projects aimed at reducing territorial disparities are financed.

- Article 177 TFEU regulates the management of structural funds, including rules on effectiveness, additionality, transparency, participation of local authorities and partners, monitoring and evaluation.
- Article 178 TFEU provides that the EU may adopt regulations on the ERDF and other investment instruments, in particular on the amount of funding and procedures.

The EU cohesion model is characterised by:

- Priority within primary EU law: cohesion has the force of a treaty provision and must be considered in all other Union policies.
- A detailed regulatory framework, i.e. a multi-level system of legal acts (regulations, directives, delegated acts) governing planning, financing, monitoring and reporting.
- Financial stability: policy financing instruments are integrated into the EU's multiannual financial framework and are jointly managed by Member States.
- Attention to the specific characteristics of certain types of territories (remote, rural, industrial, etc.) as subjects of special approach.
- Consistency with other EU policies: cohesion provisions must be taken into account in agricultural, environmental, transport and industrial policies in order to avoid territorial fragmentation.

3.2. UKRAINIAN LEGISLATION

Article 132 of [the Constitution of Ukraine](#) stipulates that the territorial structure of the state is based on the principles of territorial unity and balanced socio-economic development of regions. The articles on local self-government (140–146) lay the foundation for the delegation of powers to the local level and the management of local resources and budgets. These constitutional provisions are broadly formulated and do not define the mechanisms, procedures, or criteria for implementing cohesion policy.

The 2015 [Law of Ukraine "On the Principles of State Regional Policy"](#) is the main act formalising regional development policy in Ukraine.

- **Objectives and principles** (Articles 2–3). The law defines the main objective of regional policy as creating conditions for dynamic and balanced development, reducing disparities and improving quality of life, and enshrines the principles of legality, openness, subsidiarity, cohesion, inclusiveness and equality.
- **Subjects and objects of policy** (Articles 4–6). Regions, macro- and micro-regions are defined as objects of policy, and a range of subjects is established: from the Cabinet of Ministers and central authorities to local self-government bodies and regional development agencies. These articles also describe policy directions, including reducing differentiation, restoring affected areas and building competitiveness.
- **Strategic planning** (Articles 7–11¹). The law establishes a hierarchy of strategic documents: a seven-year national regional development strategy, regional strategies, community strategies and corresponding action plans, which are coordinated with each other and with budget planning.
- **Territorial development approach** (Articles 11¹ and 11³). The law introduces a classification of functional types of territories (e.g., recovery territories and growth poles) and a separate procedure for planning the recovery of regions and communities affected by armed aggression.

- **Institutional structure and competences** (Articles 12–19). The competences of the Cabinet of Ministers, central executive bodies, regional and local councils, state administrations and regional development agencies are delineated, and mechanisms for inter-agency coordination are defined.
- **Financing and support** (Articles 20–22). The key instruments comprise the State Fund for Regional Development (SFRD), inter-budgetary transfers, state target programmes, recovery plans and projects, local budgets, and international assistance, including EU programmes. Competitive selection procedures and criteria for the efficient use of resources are established.

3.3. MAIN GAPS

The Ukrainian regional policy system has a number of structural shortcomings:

- **The absence of explicit cohesion objectives and principles**, which are enshrined in primary law in the EU. In Ukrainian legislation, these provisions are declarative and have limited legal force for the programming or budgetary process.
- **Poor synchronisation of strategic planning with the budget cycle**. State and regional strategies are often non-binding in nature, as they are not supported by mechanisms for directly reflecting objectives in medium-term budget declarations, programme passports and projects financed through the SFRD or state target programmes.
- **Insufficiently diversified financing system**: The SFRD remains the main instrument, while financial instruments, partnership schemes or integration with international programmes are used to a limited extent.

3.4. RECOMMENDATIONS

At the legal level, the key task is to align the Ukrainian legislative framework with the principles and structure of the EU acquis:

- **To enshrine multi-annual strategic programming** (on a seven-year cycle) **in legislation** and its mandatory link to the medium-term and annual budgetary process.
- **Institutionalise the principle of partnership in the preparation and implementation of strategies**: ensure the participation of local authorities, associations, civil society organisations, businesses and scientific institutions.
- **Establish a unified monitoring and reporting system** with clear performance indicators and corrective mechanisms in case of deviations.

4. FRAMEWORK REGULATION AND FUNCTIONING OF COHESION POLICY FUNDS

4.1. EUROPEAN LEGISLATION

EU Regulation 2021/1060 ([Common Provisions Regulation](#), CPR) serves as the foundation for the functioning of EU cohesion policy in 2021–2027. Regulation 2021/1060 establishes common provisions for a number of funds operating under shared management. These include: the European Regional Development Fund (ERDF), the European Social Fund+ (ESF+), the Cohesion Fund (CF), the Just Transition

Fund (JTF), and the European Maritime, Fisheries and Aquaculture Fund (EMFAF). It also applies to funds in the areas of migration, security and border management (AMIF, ISF, BMVI), but its key function is to establish a single set of rules for funds that directly implement the objectives of economic, social and territorial cohesion.

The Regulation sets out several fundamental principles of cohesion policy:

- **shared management** (Article 7): division of responsibilities between the European Commission and Member States, with the latter responsible for programming, implementation and control, and the Commission responsible for overall supervision;
- **partnership and multi-level governance** (Article 8): mandatory involvement of regional and local authorities, economic and social partners, civil society and academic institutions;
- **horizontal principles** (Article 9): compliance with the principles of sustainable development, equality between women and men, non-discrimination and inclusiveness;
- **multi-annual programming** (Articles 10-18): preparation of the Partnership Agreement and programmes in a seven-year cycle with the possibility of a mid-term review;
- **the principle of conditionality** (Article 15): for each specific objective, there are certain enabling conditions, the list and criteria for which are set out in Annexes III (horizontal conditions) and IV (thematic conditions);
- **transparency and accountability** (Articles 38-43) through a system of monitoring, evaluation, annual dialogue between the Commission and Member States, and public disclosure of information on beneficiaries;
- **protection of the Union's financial interests** (Articles 69-104): clear division of responsibilities between national authorities and the EC in the areas of control, audit, fraud prevention and financial corrections.

The CPR serves as a framework code for cohesion policy, creating a single programming, management and control logic as well as ensuring consistency between the funds and other EU policies.

Separate specialised regulations specify the work of the funds:

- [EU Regulation 2021/1058](#) on the ERDF and CF: innovation, digitalisation, green economy, infrastructure.
- [EU Regulation 2021/1057](#) on the ESF+: employment, inclusion, education.
- [EU Regulation 2021/1056](#) on the JTF: support for regions in decarbonisation.
- [EU Regulation 2021/1059](#) on Interreg: cross-border and interregional cooperation.
- [EU Regulation 2021/1139](#) on EMFAF: support for maritime and fishing regions.

4.2. UKRAINIAN LEGISLATION

Ukraine does not have a single framework act similar to the CPR, but a set of laws and subordinate acts that partially perform its functions. The main elements of regulation are contained in:

- [The Law of Ukraine "On the Principles of State Regional Policy"](#), which defines the objectives, principles and strategic instruments of regional development policy.
- [The Budget Code of Ukraine](#), which regulates the financing of regional policy, in particular through the State Regional Development Fund and inter-budgetary transfers.

- [The Law "On Amendments to the Budget Code of Ukraine Regarding the Updating and Improvement of Certain Provisions,"](#) which strengthens the framework for programming, selecting and monitoring projects by introducing changes to the Budget Code regarding public investment: definitions of PIM, project portfolios, links to medium-term planning.
- [CMU Resolution "Certain Issues of Public Investment Management,"](#) which specifies procedural requirements for planning and monitoring.
- [CMU Resolution "Certain Issues of Public Investment Allocation,"](#) which defines institutional coordination and allocation rules.
- [The Law "On Local Self-Government in Ukraine"](#) and [the Law "On Local State Administrations"](#), which define the distribution of powers and responsibilities between the central and local levels.
- [The Procedure for the Functioning of a Unified Geoinformation System for Monitoring and Evaluating the Development of Regions and Territorial Communities](#), which approves the Procedure for the Functioning of a Unified GIS for Monitoring and Evaluating the Development of Regions and Communities, integrates data from state registers/resources, and provides open access to data for transparent decision-making.
- [The Procedure for Monitoring and Evaluating the Effectiveness of State Regional Policy](#), which introduces a unified methodology for collecting and evaluating indicators, integrated with the Unified Geoinformation System for Monitoring Regions and Territorial Communities.
- [Resolution of the Cabinet of Ministers of Ukraine "Some Issues of Formulating the State Strategy for Regional Development of Ukraine and the Action Plan for its Implementation and Monitoring of the Implementation of the Strategy and Action Plan,"](#) which establishes the structure, terms, procedure for updating and monitoring the SRDP. This act specifies the provisions of the Law "On the Principles of State Regional Policy" and ensures the link between strategy and the budget process.
- [The Resolution of the Cabinet of Ministers of Ukraine "Some Issues of Formulating Regional Development Strategies and Action Plans for Their Implementation and Monitoring of the Implementation of the Said Strategies and Action Plans"](#) regulates the procedure for preparing regional development strategies and action plans, their coordination with the state strategy, as well as monitoring their implementation through information systems.
- [The Resolution of the Cabinet of Ministers of Ukraine "On Approval of Procedures for the Restoration and Development of Regions and Territorial Communities"](#) establishes the procedure for preparing and implementing plans for the restoration and development of regions and communities, and defines the criteria for project selection, sources of funding, and the reporting system.
- [Methodological Recommendations on the Procedure for Formulating, Approving, Implementing, Monitoring, and Evaluating the Implementation of Territorial Community Development Strategies](#) from the Ministry of Community and Territorial Development. The document describes the full cycle of a territorial community strategy: formulation, approval, implementation, monitoring and evaluation, in accordance with Part 4 of Article 11(1) of the Law "On the Principles of State Regional Policy".
- [The Law "On State Target Programmes"](#) – a framework for the preparation, approval, financing and reporting on sectoral programmes that complement regional strategies (supplement).
- [The Law "On Cooperation of Territorial Communities"](#) and [the Law "On Voluntary Association of Territorial Communities"](#) – instruments of multi-level governance for joint implementation of projects.

- Anti-corruption legislation and the state audit system (Accounting Chamber, State Audit Service), which regulates external and internal control and accountability mechanisms.

Ukrainian legislation already contains important elements that correspond to the logic of CPR: multi-year planning, competitive funding, monitoring and evaluation mechanisms. At the same time, these elements are scattered across different acts, which affects their effectiveness.

4.3. MAIN GAPS

The Ukrainian system of managing regional development instruments does not correspond to the structural logic of the European approach: it remains fragmented, insufficiently coordinated and does not ensure the full implementation of the principles of joint management provided for in EU regulations.

- **There's no "single code" like the CPR.** The rules on programming, management, monitoring and auditing are scattered across the Budget Code and subordinate legislation, while the CPR provides a comprehensive framework for the ERDF/ESF+/CF/JTF/EMFAF (common provisions, accountability, transparency, audit).
- **CPR programming logic is not fully replicated.** There is no legal structure for the Partnership Agreement, 7-year programmes and mandatory mid-term reviews, which are enshrined in the CPR.
- **Enabling conditions and their role in the selection process are not fully formalised.** Ukrainian procedures do not have a complete, legally binding system of ex ante conditions/criteria, on the fulfilment of which selection and reimbursement of costs are dependent, as provided for in the CPR.
- **The management and control system is not identical to the CPR requirements.** The new 2025 public investment package defines the preparation and evaluation processes but does not create roles and procedures specifically for cohesion funds (governing body, certification/audit functions, management declaration, single audit).
- **Electronic exchange and transparency are not consistent with the logic of the CPR.** The single GIS for monitoring regions, introduced in 2023, is a step forward, but there are no mandatory formats/metadata, unique project/beneficiary identifiers, or open APIs compatible with the CPR's publicity requirements.
- **Partnership and multi-level governance are partially replicated.** Ukraine has general rules on the participation of regions and the public. However, there is no separate, mandatory "partnership code" as in the EU, which would clearly define who and how to involve at all stages of the programmes – from preparation to monitoring. Such a document should be part of the framework act for cohesion funds.
- **The CPR requirements for indicators, milestones/targets, annual dialogue and mid-term review are not directly and fully implemented.**
- **Financial corrections and the protection of financial interests do not comply with the CPR.** There is no complete set of procedures for corrections, suspensions and recoveries linked to breaches of the rules for selection and implementation under the CPR.
- **Despite some progress in ensuring territorial compatibility, further integration is needed.** NUTS-UA has been approved, but full integration of NUTS-UA into investment planning/monitoring (including public investment management) has not yet been completed.

4.4. RECOMMENDATIONS

To bring the Ukrainian system closer to the EU acquis, CPR logic should be introduced as the single standard for fund management.

- **Adopt a framework act similar to the CPR.** Establish a single system for cohesion funds: document structure (Partnership Agreement, programmes), 7-year cycle + mid-term review, defined roles of management and audit bodies, management declaration and annual summary audit outcomes, unified auditing process.
- **Introduce enabling conditions.** Link selection/reimbursement to the fulfilment of preconditions (strategies, plans, legislative frameworks) and introduce regular checks on compliance.
- **Synchronise public investment management with the CPR.** Based on the existing regulatory framework, add mandatory CPR requirements (specific objectives logic, selection criteria, management responsibility, audit trails) to the preparation/evaluation procedures.
- **Ensure partnership and participation.** Enact partnership procedures based on the European code (participation of regions, cities, socio-economic partners, experts) for programming and implementation.
- **Improve the evaluation system.** Unify the system of indicators, milestones/targets and reporting; introduce annual dialogue and formalised mid-term programme reviews.
- **Adopt CPR-compatible correction/suspension/recovery procedures** with a clear division of responsibilities between management bodies, audit and the Treasury.
- **Ensure full integration of NUTS-UA.** Mandatory use of NUTS-UA in the selection, monitoring and evaluation of public investments.

5. TERRITORIAL COOPERATION

5.1. EUROPEAN LEGISLATION

Territorial cooperation in the EU aims to overcome barriers between states and regions. Its regulatory framework consists of:

- [EU Regulation 1082/2006](#) on European Groupings of Territorial Cooperation (EGTC), which created a legal mechanism for partnerships between authorities from different Member States.
- [EU Regulation 1302/2013](#), which amended the 2006 basic regulation, expanding the scope of EGTCs and simplifying the procedures for establishing such communities.
- [EU Regulation 2021/1059](#) (Interreg Regulation) – a special act for the period of 2021–2027, which establishes rules for different types of programmes: cross-border, transnational, interregional, cooperation with the outermost regions and external cooperation components.

5.2. UKRAINIAN LEGISLATION

Ukraine has several regulatory acts that directly or indirectly adjust territorial cooperation:

- [The Law "On International Territorial Cooperation of Ukraine"](#), which defines the principles, forms and institutions of cooperation between regions and communities with foreign partners.
- [The Law "On Cooperation of Territorial Communities"](#), which establishes mechanisms for inter-municipal cooperation in Ukraine.

- [A decision](#) allowing Ukraine to participate in cross-border programmes with EU member states.
- [The Budget Code of Ukraine](#), which defines how local budgets can contribute financially to cross-border and international projects: through co-financing (in particular with the State Fund for Regional Development); inter-budgetary transfers; and the transfer of funds between local budgets based on decisions of the relevant councils and agreements.

5.3. MAIN GAPS

The development of territorial cooperation in Ukraine is limited, in particular due to:

- **There is no complete procedural framework for establishing EGTCs:** the law does not define the competent authorities, timelines for consideration, requirements for the convention or statute, applicable law, or the liability of members. This stands in contrast to EU Regulations 1082/2006 and 1302/2013, which set these rules explicitly.
- **Interreg 2021–2027 alignment is still incomplete:** there is no “lead partner” principle, no unified eligibility criteria, no standard instruments (especially for small project funds), and no standardised rules for management and control.
- **Limited legal regime for cross-border intermunicipal cooperation:** internal cooperation models are regulated, unlike cooperation with foreign partners.
- **Insufficient specification of financial instruments for cooperation programmes:** there is a lack of rules for multi-annual commitments and financing, simplified currency and treasury procedures, and quick mechanisms for co-financing cross-border projects.
- **Lack of uniform data and reporting standards:** there are no unified reference books, unique identifiers for beneficiaries and projects, or standardised exchange formats, which makes it difficult to aggregate indicators and prepare reports in Interreg formats.

5.4. RECOMMENDATIONS

For the stage prior to full accession to EU mechanisms, it is recommended to focus on practical steps that will reduce administrative barriers for Ukrainian participants in Interreg programmes:

- **Ensure clear legal regulation of EGTCs.** Adopt a separate law (or a dedicated section within the existing Law on International Territorial Cooperation) aligned with EU Regulations 1082/2006 and 1302/2013. Define the competent authority for approving participation, the required procedures and deadlines, the content of the convention/statute, the rules on applicable law and liability, and the procedures for registration and termination.
- **Introduce budgetary guidelines for co-financing Interreg participation** at both national and local levels, starting with pilot limits and clear instructions for chief administrators.
- **Update the framework for inter-municipal cooperation.** Add legal models for cooperation between Ukrainian communities and foreign public partners, including the creation of joint management bodies and the possibility to own or manage joint assets in cross-border projects.

- **Designate a responsible contact point** within the government to act as a “navigator” for communities and regions by providing methodological guidance, document templates, and advice on application preparation and project management.
- **Develop appropriate financial instruments.** Clarify the procedures for multi-annual commitments and pre-financing under cooperation programmes; simplify mechanisms for inter-budgetary transfers for cross-border activities; define procedures for currency transactions; and introduce separate programme-classification expenditure codes.
- **Integrate territorial cooperation objectives into strategic documents (the State Regional Development Strategy and regional strategies)** by updating sections on cross-border cooperation, refining performance indicators, and ensuring alignment with local development plans.

6. TERRITORIAL STATISTICS AND ZONING

6.1. EUROPEAN LEGISLATION

[EU Regulation 1059/2003](#) establishes a common classification of territorial units (NUTS). It provides a unified system of spatial division in the EU, which is used for regional statistics, resource allocation and evaluation of cohesion policy effectiveness.

- NUTS (Nomenclature of Units for Territorial Statistics) – three levels of territorial units (NUTS 1–3) are determined by population size and the administrative structure of states.
- LAU (Local Administrative Units) – the lowest level (municipalities), which complements NUTS. The LAU level corresponds to local administrative units (e.g. gminas in Poland, obec in the Czech Republic, communes in France – i.e. municipalities with their own budgets and self-government bodies).

The Regulation has been updated several times, in particular [by EU Regulation 2016/2066](#), which adapted the boundaries of the territories in line with administrative reforms in the Member States. Interrelated provisions are enshrined in the CPR, which directly refers to NUTS when defining categories of regions (less developed, transition, more developed).

6.2. UKRAINIAN LEGISLATION

Ukraine does not have a complete analogue of the NUTS/LAU system, but there is an array of legal acts that approximate it:

- [The Law of Ukraine "On the Principles of State Regional Policy"](#), which introduces the concepts of regions, macro- and micro-regions, as well as functional types of territories (territories of recovery, growth poles, territories of sustainable development, etc.)
- [The Law "On the Procedure for Resolving Certain Issues of the Administrative-Territorial Structure of Ukraine"](#), which establishes the rules for the formation and change of administrative-territorial units, creating the conditions for harmonisation with NUTS/LAU.
- [Resolution of the Cabinet of Ministers of Ukraine "On Approval of the Procedure for the Functioning of a Unified Geoinformation System for Monitoring and Evaluating the Development of Regions and Territorial Communities,"](#) which establishes the procedure for the functioning of

the Unified Geoinformation System for Monitoring the Development of Regions and Communities, which is a tool for collecting statistics and spatial analysis.

- [Order of the State Statistics Service "On Approval of the Statistical Classification of Territorial Units of Ukraine \(NUTS-UA\)"](#), which introduces the classification, puts it into effect, and determines its methodological and organisational application in official statistics and for data exchange (in particular with Eurostat). NUTS-UA defines three levels: macro-regions (NUTS-1), regions or oblasts (NUTS-2) and districts (NUTS-3). At the same time, the lower level (analogous to LAU) has not yet been officially established: there is no regulatory decision that territorial communities are LAU-1 or LAU-2, and there is no standardised LAU code system that would be used in state statistics and information registers.
- [The CMU Resolution "On Approval of the State Programme for the Development of Official Statistics until 2028"](#), which prioritises harmonisation with the [European Statistics Code of Practice](#) and the standards of the [European Statistical System](#), provides for digital transformation (integration with administrative data, web portal and "personal accounts"), unification of classifications and metadata, and target indicators.

6.3. MAIN GAPS

The Ukrainian system of spatial statistics and zoning does not yet ensure full compatibility with European standards and does not provide a stable basis for comparable regional data.

- **The use of NUTS-UA classification is limited**, as the mandatory use of NUTS-UA outside the State Statistics Service (in budget planning, project selection or monitoring, data registers) has not yet been established.
- **Lack of formalised LAU**: the LAU level is not enshrined as an official sub-level under NUTS-UA; 'functional types of territories' are not integrated into official statistics. This means that, unlike in the EU, where municipalities have their own unique LAU codes and are part of a single statistical hierarchy, in Ukraine, territorial communities do not have such official identifiers. This complicates data comparison, integration with registers, and the use of communities as basic units of analysis for assessing the effectiveness of regional policy.
- **Incomplete compatibility of data and services**: the unified GIS monitoring system is not fully unified with Eurostat/GISCO requirements (identifiers, metadata, formats, API).

6.4. RECOMMENDATIONS

The priority is to gradually align with European Union standards with the minimum necessary changes in law and practice.

- **Gradually adapt the classification of territories to NUTS/LAU**: start with methodological recommendations and pilot regions, followed by regulatory consolidation.
- **Integrate functional types of territories into the official statistics system** and introduce mandatory collection and publication of indicators for these categories.
- **Ensure the technical compatibility of the Unified Geoinformation System with GISCO/Eurostat platforms** (metadata, exchange formats, API).
- **Expand cooperation with Eurostat** to standardise the collection, validation and analysis of regional data.

7. PARTNERSHIP AND MULTI-LEVEL GOVERNANCE

7.1. EUROPEAN LEGISLATION

The principles of partnership and multi-level governance are central to EU cohesion policy. It is enshrined in Article 8 of the CPR, which obliges Member States to organise comprehensive partnerships in the preparation and implementation of programmes, and in [EU Delegated Regulation 240/2014](#), which established the European Code of Conduct on Partnership. The Code specifies:

- the obligation to involve a wide range of partners: regional and local authorities, economic and social partners, civil society organisations, universities and research institutions;
- mechanisms for partner participation at all stages of the programme cycle, from the preparation of partnership agreements to monitoring and evaluation;
- the requirement to apply the principle of multi-level governance and a bottom-up approach;
- the institutional capacity of partners, specifically the possibility of financing the administrative capacity building of civil society organisations.

Thus, the EU sets clear standards not only for the composition of partnerships, but also for their real impact on strategic planning, programme implementation and control.

7.2. UKRAINIAN LEGISLATION

In Ukraine, the principles of partnership and multi-level governance are gradually being integrated into regional policy. The main provisions are enshrined in:

- [The Law "On the Principles of State Regional Policy"](#), which provides for the involvement of local authorities, businesses and the public in the formulation and monitoring of development strategies.
- Article 24⁽¹⁾ of [the Budget Code of Ukraine](#), which defines the competitive selection of projects for financing from the State Fund for Regional Development.
- [The Law "On Local Self-Government in Ukraine"](#), which defines the powers of local self-government bodies (LSG) in the preparation and organisation of local development programmes. Regional and district councils formulate proposals for programmes on local and national level designed to ensure balanced development and promote investment.
- [The Law "On Local State Administrations"](#), which defines the powers of local state administrations (LSA) in implementing state regional policy, coordinating sectoral areas (industry, agriculture, construction, transport and communications), as well as preparing and implementing regional programmes.
- [The Law of Ukraine "On Public Consultations"](#), which establishes mandatory consultations with interested parties during the identification of problems and the development, formulation, and implementation of state policy. It also sets out procedures for resolving issues of local importance, provides for electronic consultations and the operation of an online platform, and requires reporting on consultation results. The law has not yet entered into force: it will take effect

12 months after the termination or cancellation of martial law, except for Section IV, paragraph 4, which will take effect six months thereafter.

7.3. MAIN GAPS

The Ukrainian framework for partnership and multi-level governance does not meet EU standards. The relevant requirements exist, but they are scattered and weakly linked to the programme cycle.

- **Partnership is not a strict requirement.** Unlike in the EU, where partner participation is mandatory from planning to evaluation, in Ukraine the requirements are scattered across different acts and are often declarative in nature (without clear procedures and consequences for non-compliance).
- **The composition and selection of partners is not standardised.** The EU requires a wide range of participants and transparent rules for selection to monitoring committees, while in Ukraine these mechanisms are not fully described.
- **There is a lack of coordination between levels of government.** Legislation defines the powers of local and regional authorities but does not establish permanent formats for programme co-management and joint responsibility for results at all levels.
- **There is no direct link between consultations and funding.** In the EU, partnership is a condition for access to funds; in Ukraine, project selection and funding procedures rarely depend on the quality of consultations.
- **Transparency and feedback are not yet systematic.** Even with online tools available, the results of consultations and responses to proposals are not always published in a standardised, timely and verified format.

7.4. RECOMMENDATIONS

To move closer to EU standards, Ukraine needs to strengthen the legal and institutional foundations of partnership and multi-level governance. Recommended steps:

- **Make partnership mandatory for all stages of programmes.** Incorporate the provisions of the European Code of Conduct on Partnership into the Principles of State Regional Policy: transparent selection, quotas and quorum in committees, defined deadlines and format of consultations, regular evaluation of partnerships.
- **Make consultations a condition for funding.** In competitions for the State Fund for Regional Development and other instruments, establish that selection is only possible if consultation protocols, proposal consideration matrices and public reports are available.
- **Unify transparency and feedback.** Publish the consultation calendar, committee composition and key outtakes, consideration matrices, and open data/API on a single portal.
- **Create standard documentation.** Approve common provisions on monitoring committees, consultation rules, and a checklist for compliance with the European Code of Conduct on Partnership for Projects and Programmes.

8. HORIZONTAL FINANCIAL AND PROCEDURAL RULES/CROSS-CUTTING ISSUES

8.1. EUROPEAN LEGISLATION

Horizontal rules define common requirements for planning, selection, control and reporting, which apply equally to all programmes under shared management.

- **Financial management and control.** [Regulation 2024/2509](#) sets out requirements for management and control systems, transparency of beneficiaries, prevention of conflicts of interest/fraud and digitalisation of data exchange in the implementation of cohesion policy programmes.
- **Principles of state aid.** [The Guidelines on Regional State Aid 2022-2027](#), together with EU Regulation 651/2014 (General Block Exemption Regulation – [GBER](#)) and the [de minimis](#) rules², establish the conditions and limits for the compatibility of public support with the internal market. These rules are a prerequisite for attracting public support for investments financed from structural funds under cohesion policy.
- **Public procurement.** Directives [2014/25/EU](#), [2014/24/EU](#), and [2014/23/EU](#) establish competitive and non-discriminatory procedures, e-procurement, transparent evaluation criteria, and effective appeal mechanisms; These requirements are mandatory when implementing projects funded by cohesion policy and are integrated into programme management and control systems.
- **Environmental requirements.** Directives [2001/42/EC](#) and [2011/92/EC](#), as well as EU Regulation [2020/852](#), establish environmental requirements and the "do no significant harm" (DNSH) principle as mandatory filters for strategies, programmes and investment projects. This creates coherence with EU climate objectives and sustainable development criteria.
- **Data standards and publicity.** [EU Regulation 223/2009](#), Directive 2007/2 (Infrastructure for Spatial Information in the European Community – [INSPIRE](#)) and [Directive 2019/1024](#) define standards for the quality, interoperability and publicity of statistics and geodata used for indicators, monitoring and public disclosure of information about beneficiaries. In the domain of regional policy, the requirements for the publicity of data on programme implementation and beneficiaries, as well as for electronic exchange with the Commission, are outlined in the CPR (including through the EU's electronic fund management system [SFC2021](#)).

8.2. UKRAINIAN LEGISLATION

Horizontal rules define common requirements for planning, selection, control and reporting that apply to programmes and projects implemented by state and local authorities.

² De minimis rules are special EU provisions that determine what amount of state aid is considered so insignificant that it does not affect competition or trade between Member States and, therefore, does not need to be notified to the European Commission in accordance with Articles 107 and 108 of the Treaty on the Functioning of the EU (TFEU).

- **Financial management and control.** External audit of public finances is carried out by the Accounting Chamber on the basis of [the Law "On the Accounting Chamber"](#); internal control and audit in budget administration bodies is implemented by government acts of the Ministry of Finance; state financial control is regulated by [the Law "On the Basic Principles of State Financial Control in Ukraine"](#). These instruments form the national PIFC/SIFC framework³ for programme management and control.
- **Principles of state support.** The state aid control system is regulated by [the Law "On State Aid to Economic Entities"](#) and subordinate criteria of admissibility (particularly for [regional aid to SMEs, research, environmental protection, training, job creation](#)). Notification and review procedures by the AMCU are in place, register of schemes/decisions is maintained. Aid is regularly granted, and the recovery of illegal or incompatible aid are monitored. This system ensures that public support is compatible with the internal market, which is partly in line with the logic of the *acquis*.
- **Public procurement.** Procurement procedures are regulated by [the Law "On Public Procurement"](#), which provides for electronic tenders in the Prozorro system, openness and legal remedies. During the period of martial law, [the "Special Provisions for Public Procurement" approved by CMU Resolution No. 1178](#) apply, which temporarily adjust standard procedures (shortening deadlines, defining simplified approaches and reporting requirements in Prozorro). The law largely complies with the principles of Directives 2014/24/EU and 2014/25/EU, but full alignment has not yet been achieved: there is a lack of specific rules for concessions and "sectoral" customers, means of appeal, standard electronic forms, and clear rules on contract amendments.
- **Environmental requirements.** They are governed by [the Law "On Strategic Environmental Assessment"](#) and [the Law "On Environmental Impact Assessment"](#) in their respective areas. These instruments are applied as mandatory filters for strategies, programmes and projects (including those financed with the participation of international donors).
- **Standards and data transparency.** Statistics are regulated by [the Law "On Official Statistics"](#) (quality, professional independence, electronic reporting); geodata – [by the Law "On National Geospatial Data Infrastructure"](#) (interoperability, metadata, geographic information portal); data openness – [by Resolution of the Cabinet of Ministers No. 835 "On Approval of the Regulation on Data Sets Subject to Disclosure in the Form of Open Data"](#) and [the Law "On Access to Public Information"](#). These standards are generally compatible with EU approaches, but require further harmonisation with CPR/SFC2021 requirements (formats, metadata, unique identifiers), full compliance with INSPIRE and clear rules for publishing data on beneficiaries.

8.3. MAIN GAPS

The Ukrainian framework of horizontal rules does not fully replicate the programming, control and reporting cycle required by the EU in shared management.

³ PIFC/SIFC – a model of public internal financial control in accordance with EU standards (Public/State Internal Financial Control), covering: (1) managerial internal control by fund managers (risks, procedures, prevention of conflicts of interest), (2) independent internal audit, (3) a central harmonisation body in the Ministry of Finance (policy, methodologies, training).

- **State aid rules do not act as a "compatibility filter"**. During the selection of regional development projects, there is no systematic check for compatibility with GBER rules and aid eligibility criteria.
- **Procurement legislation does not take into account the specificities of cross-border and small operations**. There are no simplified instruments for Interreg-type programmes: typical short procedures, small grants, standard rates or lump sums.
- **The DNSH principle and EU taxonomy are not implemented**. Environmental impact assessments and SEAs work separately, but there is no formal requirement for compliance with DNSH criteria in regional development projects.
- **Publicity and data requirements are not harmonised with the EU**. Public registers of beneficiaries, performance indicators and open data sets are not standardised in accordance with INSPIRE and SFC2021, which complicates international reporting.

8.4. RECOMMENDATIONS

Approximation to EU practice requires the codification of horizontal rules and the creation of a single framework for joint management.

- **Establish a single procedural framework for the programme cycle**. Adopt a separate law or comprehensive amendments to existing acts covering seven-year planning, mid-term review, risk-based control, management declarations and financial corrections.
- **Integrate state aid verification into project selection**. Make assessment of compatibility with GBER and de minimis rules a prerequisite for approval of investment projects in regional development.
- **Supplement procurement legislation with simplified procedures for cross-border programmes**. Provide for small grants, typical short tenders, standard rates and lump sums for administrative costs, in line with Interreg practice.
- **Implement the DNSH principle as a financial conditionality**. Establish that DNSH compliance is mandatory for all programmes and projects financed from public and international funds in the field of regional development
- **Develop an integrated electronic programme management system**. Combine the modules of budget accounting, control, environmental monitoring and public reporting into a single digital platform modelled on the EU's SFC2021 system.

9. KEY CORRUPTION RISKS

The main source of corruption risks is the fragmentation of rules and a high level of discretion at various stages of the project cycle. CPR creates a closed loop of joint management with clear roles, mandatory eligibility conditions, routine checks and financial corrections. Similar elements exist in Ukraine, but they are scattered across laws, regulations and methodological documents, creating gaps and conditions for abuse.

However, even in EU member states, where CPR has been in place for many years, the practice of using funds is not flawless. For example, [OLAF \(European Anti-Fraud Office\) uncovered a corruption network in Hungary](#) involving 112 projects and resulting in recommendations for reimbursement of approximately €75 million (the violations concerned conflicts of interest, procurement procedures and

overpricing). The European Court of Auditors also [notes](#) a systematic decline in competition in procurement in Member States, which increases the risks of inflated prices and collusion.

At the strategic planning level, corruption risks arise from the weak link between strategies and the budget cycle and the lack of a mandatory mid-term review with implications for funding. When strategy and budget are not aligned, priorities can be adjusted outside of transparent procedures and funding can be reallocated in favour of actors with better political access. The EU has already gone through this stage and [learned from past mistakes](#). To avoid inflating budgets and creating gaps between strategies and accounts, programmes have been linked to the European Semester and macroeconomic surveillance instruments, and a system of financial corrections has been introduced in the event of systemic violations.

The main risks are concentrated at the stage of selecting investment projects. Ukrainian competitions often rely on formal lists of criteria without enabling conditions (where the fulfilment of preliminary requirements is a legal condition for the project's eligibility). European cases show that ignoring such conditions leads to the most serious abuses: in the Czech Republic, OLAF [uncovered](#) schemes to support companies linked to politicians, which led to the freezing of payments and corrections.

Partnership and multi-level governance in Ukraine are formally declared but lack the capacity for preventing corruption. In the absence of mandatory procedures (selection and quotas for committee membership, protocols for considering proposals and public control over membership), there is a risk that decisions will be made in the interests of narrow groups. Similar problems have been noted in the EU: in Romania, investigations by OLAF and the EPPO (European Public Prosecutor's Office) [revealed](#) forged documents and abuse during the selection and implementation of projects, which resulted in the return of funds and criminal proceedings.

At the implementation stage, the main risks are procurement and changes in contract terms. The special features of procurement during martial law, which simplify and speed up procedures, were necessary but created vulnerabilities for cartel collusion, price inflation, circumvention of competitive procedures and excessive contract changes. OLAF has repeatedly documented "double contracting" schemes, non-transparent subcontracting and other methods of overpricing, with subsequent demands for reimbursement. The European Court of Auditors [confirms](#) that competition in public procurement in the EU has declined over the last decade, increasing the risk of inefficient spending.

Although Ukraine has a basic law and procedures of the Antimonopoly Committee, compatibility checks are rarely applied during competitive selection processes. This creates risks of hidden subsidies to individual companies, distortion of competition, and the replacement of economically sound instruments with targeted decisions in favour of a specific beneficiary. In the EU, such violations have led to recovery claims. A well-known example is [the European Commission's decision](#) on subsidies to digital terrestrial television (DTT) operators in Spain. Support aimed at developing networks in remote and less urbanised areas was deemed illegal and incompatible with state aid, and Spain was obliged to recover the funds from the beneficiaries.

The harmonisation of EU requirements for data, transparency and digital footprints is uneven. The EU operates SFC2021, a mandatory electronic data exchange system between Member States and the Commission for CPR funds. The Ukrainian GIS monitoring system has the potential to perform a similar function, provided it is integrated with budget and tax data and uses unique identifiers.

The lack of a full-fledged EGTC mechanism and standardised "small funds" creates risks that small grants will be administered manually with a high proportion of operating costs, opaque partnerships, and selective checks. European practice [provides for](#) enhanced control in Interreg as well as "small projects" and describes the consequences in the form of suspensions and corrections.

In general, the corruption risks of Ukrainian regional policy are currently concentrated in three key areas:

- Discretion and selectivity: due to the absence of a single framework code such as CPR, which would define the full cycle of programming, monitoring and control.
- Weak eligibility filters: state aid, the DNSH principle, partnership and digital data have not yet become conditions for access to funds but remain non-binding.
- Lack of automatic corrections and personal responsibility: financial sanctions, audits and independent oversight are not integrated into management routines.

The risks of further transposition of the acquis of the 22nd negotiating chapter must also be considered, in particular:

- the parallel existence of national and partially implemented European standards, which may lead to double interpretation and "manual" application;
- control overload: complex corrections and checks without trained personnel lead to delays and formalism;
- the launch of an analogue of SFC2021 without proper data integration and European protection standards increases the risks of manipulation and cyberattacks.
- Errors at the start (e.g. regarding DNSH, state aid, reporting) threaten funding suspensions and refunds.

10. CONCLUSIONS AND RECOMMENDATIONS

Ukraine has the foundation for a cohesion policy (strategy, institutions, competitive selection, monitoring elements), but key links in the European cycle of joint management are not yet functioning as a unified system. The main areas of corruption and operational risk include high discretion at the planning and selection stage; weak eligibility filters (enabling conditions); lack of automatic corrections and personal accountability.

To join the EU and access large amounts of cohesion policy funds, Ukraine needs codified CPR logic, full integration of territorial statistics, a "partnership code", digital transparency at the SFC2021 level, and financial control processes compatible with EU practices.

Key recommendations:

- Joint management framework and codification
 - Adopt a framework law on cohesion funds in line with CPR.
 - Provide for multi-year programming and medium-term review.
 - Identify management, certification and audit bodies.
 - Include enabling conditions in selection and reimbursement.
 - Create an automated sanctions matrix.

- Programming and budget
 - Legally link strategies to the budget cycle.
 - Programme objectives should be reflected in the medium-term declaration and passports.
 - Introduce an efficiency reserve with reallocation of funds based on results.
 - Conduct an annual dialogue and medium-term review.
 - Adjust allocations if targets are not met.
- Data, transparency, digital compatibility (SFC-UA)
 - Create a single electronic platform as a gateway to SFC2021.
 - Ensure open APIs and standard metadata.
 - Integrate the platform with the Treasury, Prozorro, eco-registers and the state aid register.
 - Publish dashboards with beneficiaries, contracts, changes, and payments.
- Territorial statistics and zoning (NUTS/LAU)
 - Make NUTS-UA mandatory in the selection, monitoring, and evaluation of investments.
 - Formalise the LAU level with codes for communities.
 - Integrate functional types of territories into official statistics and selection procedures.
 - Ensure compatibility with Eurostat/GISCO (reference books, formats, API, validations).
- Partnership and multi-level governance
 - Enact a partnership code based on Regulation 240/2014.
 - Ensure transparent selection and quotas in committees.
 - Make funding conditional on the availability of consultation protocols and published decisions.
 - Provide grants for the participation of CSOs and universities.
 - Organise training modules for committee members.
- State aid (compatibility filter)
 - Conduct ex-ante screening of state aid in all competitions.
 - Add GBER and de minimis checklists to applications.
 - Require a conclusion or registry check from the AMCU before signing a contract.
 - Train customers on typical eligibility scenarios for SMEs, innovation and green investments.
- Public procurement
 - Gradually phase out martial law "special features" in regional development projects.
 - Restore competition and standard forms.
 - Limit contract changes.
 - Introduce anti-cartel screening of prices and participant affiliations.
 - Check subcontracts and publish a reference book of typical risks.
 - Institutionalise public control mechanisms for large contracts.
 - For Interreg-type projects, apply small grants and standard rates.
 - Unify standard documents with partners.
- Environmental requirements and DNSH
 - Make DNSH a mandatory condition for applications.
 - Cross-check with EU taxonomy.
 - Define red lines for prohibited activities.
- Territorial cooperation (EGTC/Interreg)
 - Define the competent authority, deadlines, applicable law and responsibilities.
 - Create an EGTC register.
 - Fully implement Interreg rules.

- Establish the "lead partner" model and small project funds.
- Unify eligibility criteria, control and reporting.
- Set budgetary co-financing benchmarks for all levels.
- Allocate separate expenditure codes.
- Financial control, audit and accountability
 - Introduce a single audit and annual management declaration.
 - Plan risk-based audits and random sampling.
 - Publish the results of audits and corrections.
 - Build "three lines of defence": internal control, internal audit, external audit.
 - Clearly distribute roles among all participants.
 - Introduce e-declarations and checks for members of selection and monitoring bodies.
 - Ensure the protection of whistleblowers.
 - Maintain blacklists of violators.

APPENDIX 1. COMPARATIVE ANALYSIS OF THE EUROPEAN CHAPTER 22 ACQUIS AND UKRAINIAN LEGISLATION

European legislation	Comment	Ukrainian legislation	Key recommendations
Legal basis for cohesion policy			
Treaty on the Functioning of the European Union , Title XVIII: Articles 174-178 (Economic, Social and Territorial Cohesion)	Objectives of economic, social and territorial cohesion and principles of solidarity between regions.	Constitution of Ukraine (Articles 132, 140-146) Law of Ukraine "On the Principles of State Regional Policy"	Incorporate long-term strategic planning into legislation Institutionalise the principle of partnership in the preparation and implementation of strategies Establish a unified monitoring and reporting system
Framework regulation and functioning of cohesion policy funds			
EU Regulation 2021/1060 (Common Provisions Regulation, CPR) EU Regulation 2021/1058 EU Regulation 2021/1057 EU Regulation 2021/1056 EU Regulation 2021/1059 EU Regulation 2021/1139	The basis for cohesion policy, namely its funding for 2021-2027. About the ERDF and CF: innovation, digitalisation, green economy, infrastructure. About ESF+: employment, inclusion, education. About JTF: support for regions in decarbonisation.	Law of Ukraine "On the Principles of State Regional Policy" Budget Code of Ukraine Law "On Amendments to the Budget Code of Ukraine Regarding the Updating and Improvement of Certain Provisions" Resolution of the Cabinet of Ministers of Ukraine "Certain Issues of Public Investment Management"	Adopt a framework act similar to the CPR to create a system for cohesion funds. Introduce enabling conditions for selection/reimbursement and introduce regular checks on compliance. Synchronise public investment management with mandatory CPR requirements.

	<p>About Interreg: cross-border and inter-regional cooperation.</p> <p>About EMFAF: support for maritime and fishing regions.</p>	<p>Resolution of the Cabinet of Ministers of Ukraine "Certain Issues of Public Investment Allocation"</p> <p>Law "On Local Self-Government in Ukraine"</p> <p>Law "On Local State Administrations"</p> <p>Procedure for the Functioning of a Unified Geoinformation System for Monitoring and Evaluating the Development of Regions and Territorial Communities</p> <p>Procedure for Monitoring and Evaluating the Effectiveness of State Regional Policy</p> <p>Resolution of the Cabinet of Ministers of Ukraine "Certain Issues of Developing the State Strategy for Regional Development of Ukraine and the Action Plan for its Implementation and Monitoring the Implementation of the Strategy and Action Plan"</p> <p>Resolution of the Cabinet of Ministers of Ukraine "Certain Issues Concerning the Formulation of Regional Development Strategies and Action Plans for Their Implementation and Monitoring of the Implementation of These Strategies and Action Plans"</p> <p>Resolution of the Cabinet of Ministers of Ukraine "On Approval of Procedures for the Restoration and Development of Regions and Territorial Communities"</p>	<p>Ensure partnership and participation based on the European code for programming and implementation.</p> <p>Improve the evaluation system by standardising the system of indicators, milestones/targets and reporting; introduce annual dialogue and formalised medium-term programme reviews.</p> <p>Adopt CPR-compatible correction/suspension/recovery procedures with a clear division of responsibilities between management, audit and Treasury.</p> <p>Ensure mandatory use of NUTS-UA in the selection, monitoring and evaluation of public investments.</p>
--	---	---	--

		Methodological Recommendations on the Procedure for Developing, Approving, Implementing, Monitoring, and Evaluating the Implementation of Territorial Community Development Strategies Law "On State Target Programmes" Law "On Cooperation of Territorial Communities" Law "On Voluntary Association of Territorial Communities"	
Territorial cooperation			
EU Regulation 1082/2006 EU Regulation 1302/2013 EU Regulation 2021/1059	<p>On European Groupings of Territorial Cooperation (EGTC), which created a legal mechanism for partnerships between authorities from different Member States.</p> <p>Amendments to the 2006 basic regulation: extension of the scope of EGTCs and simplification of the procedure for establishing such groupings.</p> <p>(Interreg Regulation) – a special act for the period 2021–2027, which establishes rules for different types of programmes: cross-border, transnational, interregional, cooperation with the outermost regions and external cooperation components.</p>	Law "On International Territorial Cooperation of Ukraine" Law "On Cooperation of Territorial Communities" Budget Code of Ukraine	<p>Ensure legal regulation of EGTCs that reflects EU Regulations 1082/2006 and 1302/2013.</p> <p>Introduce budgetary guidelines for co-financing participation in Interreg programmes at the level of state and local budgets, starting with pilot limits and instructions for chief administrators.</p> <p>Update the framework for inter-municipal cooperation with foreign public partners, including the creation of joint management bodies and the possibility of owning/managing joint assets in cross-border projects.</p> <p>Identify a responsible contact point within the existing government structure to provide assistance with application preparation and project management.</p> <p>Clarify the procedures for pre-financing, multi-year commitments, currency</p>

			<p>transactions, expenditure codes and simplify the mechanisms for inter- al transfers for cross-border projects.</p> <p>Integrate territorial cooperation objectives into existing strategic documents.</p>
Territorial statistics and zoning			
<p>EU Regulation 1059/2003</p>	<p>Common classification of territorial units (NUTS), which provides a unified system of spatial division in the EU (for the purposes of regional statistics, distribution of funds and evaluation of the effectiveness of cohesion policy).</p>	<p>Law of Ukraine "On the Principles of State Regional Policy"</p> <p>Law "On the Procedure for Resolving Certain Issues of the Administrative-Territorial Structure of Ukraine"</p> <p>Resolution of the Cabinet of Ministers of Ukraine "On Approval of the Procedure for the Functioning of a Unified Geoinformation System for Monitoring and Evaluating the Development of Regions and Territorial Communities"</p> <p>Order of the State Statistics Service "On Approval of the Statistical Classification of Territorial Units of Ukraine (NUTS-UA)"</p> <p>Resolution of the Cabinet of Ministers of Ukraine "On Approval of the State Programme for the Development of Official Statistics until 2028"</p>	<p>Adapt the classification of territories to NUTS/LAU.</p> <p>Integrate functional types of territories into the official statistics system.</p> <p>Ensure technical compatibility of the Unified Geoinformation System with GISCO/Eurostat platforms.</p> <p>Expand cooperation with Eurostat to standardise the collection, validation and analysis of regional data.</p>
Partnership and multi-level governance			

<p>EU Regulation 2021/1060 (Common Provisions Regulation, CPR)</p> <p>EU Delegated Regulation 240/2014</p>	<p>Article 8 obliges Member States to organise comprehensive partnerships in the preparation and implementation of programmes.</p> <p>European Code of Conduct on Partnership.</p>	<p>Law "On the Principles of State Regional Policy"</p> <p>Budget Code of Ukraine (Article 24¹)</p> <p>Law "On Local Self-Government in Ukraine"</p> <p>Law "On Local State Administrations"</p> <p>Law of Ukraine "On Public Consultations"</p>	<p>Make partnership mandatory for all stages of programmes and make it transparent and effective.</p> <p>Make consultations a condition for funding regional projects.</p> <p>Unify transparency and feedback through a single portal.</p> <p>Create standard documentation on monitoring committees, consultation rules, and a checklist for compliance with the European Code of Conduct on Partnership for Projects and Programmes.</p>
<p>Horizontal financial and procedural rules/cross-cutting themes</p>			
<p>Regulation 2024/2509 (Euratom)</p> <p>Guidelines on regional State aid 2022-2027</p> <p>EU Regulation 651/2014 (General Block Exemption Regulation –GBER)</p> <p>De minimis rules ⁴</p> <p>Directive 2014/25/EU</p> <p>Directive 2014/24/EU</p> <p>Directive 2014/23/EU</p> <p>Directive 2001/42/EC</p>	<p>Requirements for management and control systems, transparency of beneficiaries, prevention of conflicts of interest/fraud, and digitisation of data exchange during the implementation of cohesion policy programmes.</p> <p>Conditions and limits of compatibility of public support with the internal market.</p> <p>Competitive and non-discriminatory procedures, e-tendering, transparent evaluation criteria and effective appeal mechanisms during the implementation of projects funded by cohesion policy.</p>	<p>Law "On the Accounting Chamber"; Law "On the Basic Principles of State Financial Control in Ukraine".</p> <p>Law "On State Aid to Economic Entities" alongside the subordinate criteria of admissibility (particularly for regional aid to SMEs, research, environmental protection, training, job creation)</p> <p>Law "On Public Procurement"</p> <p>CMU Resolution No. 1178 "Specifics of Public Procurement"</p>	<p>Establish a single procedural framework for the programme cycle with integrated planning, control and correction procedures.</p> <p>Integrate state aid verification into project selection. Make compliance with GBER and de minimis rules a mandatory condition for the approval of investment projects in regional development.</p> <p>Supplement procurement legislation with simplified procedures for cross-border programmes.</p>

⁴ De minimis rules are special EU provisions that determine what amount of state aid is considered so insignificant that it does not affect competition or trade between Member States and, therefore, does not need to be notified to the European Commission in accordance with Articles 107 and 108 of the Treaty on the Functioning of the EU (TFEU).

<p>Directive 2011/92/EU</p> <p>EU Regulation 2020/852</p> <p>EU Regulation 223/2009</p> <p>Directive 2007/2 (Infrastructure for Spatial Information in the European Community – INSPIRE)</p> <p>Directive 2019/1024</p>	<p>Environmental requirements and the "do no significant harm" (DNSH) principle as mandatory filters for strategies, programmes and investment projects.</p> <p>Standards applicable to information on beneficiaries. In the field of regional policy, the requirements for the publicity of data on programme implementation and beneficiaries, as well as for electronic exchange with the Commission, are enshrined in the CPR.</p>	<p>Law "On Strategic Environmental Assessment"</p> <p>Law "On Environmental Impact Assessment"</p> <p>Law on Official Statistics</p> <p>Law "On National Geospatial Data Infrastructure"</p> <p>Resolution of the Cabinet of Ministers of Ukraine No. 835 "On Approval of the Regulations on Datasets Subject to Disclosure in the Form of Open Data"</p> <p>Law "On Access to Public Information"</p>	<p>Implement the DNSH principle as a condition for financing regional projects.</p> <p>Develop an integrated electronic programme management system by combining budget accounting, control and environmental monitoring modules into a single digital platform.</p>
---	--	--	--