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Proposal for a

COUNCIL IMPLEMENTING DECISION

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

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THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility¹ and in particular Article 26(4) thereof,

Having regard to the proposal from the European Commission,

Whereas:

- (1) Pillar I of the Ukraine Facility makes financial support of up to EUR 38 270 000 000 available to Ukraine for the period 2024-2027 in the form of non-repayable support and loans. Financing under Pillar I is mainly allocated on the basis of the Ukraine Plan (the Plan). The Plan sets out the reform and investment agenda for Ukraine, and the qualitative and quantitative steps linked to funding under Pillar I.
- (2) Pursuant to Article 19 of Regulation (EU) 2024/792, the Council adopted Implementing Decision (EU) 2024/1447² on the approval of the assessment of the Plan. The timetable for monitoring and implementing the Plan, including the qualitative and quantitative steps linked to the funding under Pillar I of the Ukraine Facility, are set out in the Annex to Implementing Decision (EU) 2024/1447.
- (3) The total sum of financial resources made available for the Plan under Council Implementing Decision (EU) 2024/1447 amounts to EUR 32 270 000 000, of which EUR 5 270 000 000 is in the form of non-repayable financial support and up to EUR 27 000 000 000 is in the form of a loan.
- (4) In accordance with Articles 24 and 25 of Regulation (EU) 2024/792, EUR 6 000 000 000 has been disbursed to Ukraine as exceptional bridge financing and EUR 1 890 000 000 in the form of pre-financing that represents an advance payment of 7% of the loan support that Ukraine is eligible to receive under the Plan.

¹ OJ L, 2024/792, 29.2.2024, ELI: <http://data.europa.eu/eli/reg/2024/792/oj>

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

- (5) In accordance with Article 26(4) of Regulation (EU) 2024/792, EUR 8 221 521 428 has been disbursed to Ukraine in the first two instalments under the Plan. EUR 3 000 000 000 has been disbursed in the form of non-repayable financial support and EUR 5 221 521 428 in the form of loans. In accordance with the Loan Agreement concluded between the Union and Ukraine pursuant to Article 22 of Regulation (EU) 2024/792, EUR 393 017 742 was deducted from the first two instalments to clear the pre-financing of the loan.
- (6) In accordance with Article 26(2) of Regulation (EU) 2024/792, Ukraine submitted a duly justified request on 15 January 2025 for the payment of the third instalment of the non-repayable financial support and loan support, amounting to EUR 3 717 741 935, as set out in the Annex to Council Implementing Decision (EU) 2024/1447. The request was accompanied by a series of documents demonstrating the satisfactory fulfilment of the relevant steps, as well as all other documents required under Article 12 of the Framework Agreement, Article 5 of the Financing Agreement and Article 6 of the Loan Agreement concluded between the Union and Ukraine pursuant to Articles 9, 10 and 22 of Regulation (EU) 2024/792.
- (7) Ukraine has provided, along with its request for payment, due justification of the satisfactory fulfilment of the 13 steps due by the fourth quarter of 2024, in accordance with Implementing Decision (EU) 2024/1447. The 13 satisfactorily fulfilled steps relate to various reforms set out in the Plan under the chapters on public financial management, the judicial system, management of public assets, human capital, the business environment, decentralisation and regional policy, the energy sector, transport, the agri-food sector, and management of critical raw materials. Legislation has entered into force on improving of the insolvency regime, on ensuring the independence of the National Energy Utilities Regulatory Commission of Ukraine, on the state agrarian register and on revising the national programme for the development of the mineral resource base. The state ownership policy has been adopted, and triage of state-owned enterprises has been completed. Strategies have been adopted for reforming psychoneurological and other residential institutions and for de-institutionalisation of care for persons with disabilities, older persons and children. Ukraine has also adopted: resolutions for the resumption of market surveillance measures and control of non-food products; resolutions for development of urban planning at the local level; the revised national transport strategy of Ukraine; the strategy for developing and expanding the border infrastructure with EU Member States and the Republic of Moldova; and the strategy for agriculture and rural development. A market-based framework for renewable energy has been introduced.
- (8) In accordance with Article 26(4) of Regulation (EU) 2024/792, the Commission has assessed the payment request submitted by Ukraine in detail and made a positive assessment of the satisfactory fulfilment of the 13 qualitative and quantitative steps for the third instalment that are specified in the Annex to this Decision. This positive assessment was done in the context of the implementation of the Plan. Further alignment with the EU *acquis* will be facilitated through the EU accession process.

- (9) The Commission has assessed that Ukraine continues to fulfil the pre-condition for Union support set out in Article 5 of Regulation (EU) 2024/792. In particular, Ukraine continues to uphold and respect effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and to guarantee respect for human rights, including the rights of persons belonging to minorities.
- (10) This Decision should therefore establish that the relevant conditions for payment of the third instalment under the Plan have been satisfactorily fulfilled.
- (11) Considering the difficult fiscal situation Ukraine is facing, it is of the utmost importance to disburse the funds as soon as possible. Given the urgency of the situation and expedite the process, this Decision should enter into force on the day of its publication in the *Official Journal of the European Union* and should apply from the date of its adoption,

HAS ADOPTED THIS DECISION:

Article 1

The satisfactory fulfilment of the relevant conditions for the payment of the third instalment amounting to EUR 3 717 741 935 set out in the Annex to Implementing Decision (EU) 2024/1447 is hereby established in line with the assessment provided by the Commission in accordance with Article 26 of Regulation (EU) 2024/792, annexed to this Decision.

Article 2

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

It shall apply from the date of its adoption.

Done at Brussels,

For the Council
The President



Brussels, 14.2.2025
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ANNEX

ANNEX

to the

Proposal for a Council Implementing Decision

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

ANNEX

Assessment of the satisfactory fulfilment of the steps linked to the third instalment of the Ukraine Plan

EXECUTIVE SUMMARY

On 15 January 2024, Ukraine submitted a request for payment of the third instalment of the Ukraine Plan, in accordance with Article 26 of Regulation (EU) 2024/792 of 29 February 2024 establishing the Ukraine Facility¹. To support the payment request, Ukraine provided justification of the satisfactory fulfilment of all 13 steps set out in the Annex to Council Implementing Decision 2024/1447 of 14 May 2024 on the approval of the assessment of the Ukraine Plan (the CID Annex)².

Based on the information provided by Ukraine, all 13 steps are considered satisfactorily fulfilled.

As part of chapter C.2 on public financial management, the strategic plan for digitalisation of the state tax service has been adopted. As part of chapter C.3 on the judicial system, legislation on the improvement of insolvency regime has entered into force. As part of chapter C.6 on management of public assets, the state ownership policy has been adopted, and the triage of state-owned enterprises has been completed. As part of chapter C.7 on human capital, both the strategy for reforming psychoneurological and other residential institutions, and for the de-institutionalisation of care for persons with disabilities and older persons; and the children strategy have been adopted. As part of chapter C.8 on business environment, the resolution for the resumption of market surveillance measures and control of non-food products has been adopted. As part of chapter C.9 on decentralisation and regional policies, the resolutions for the development of urban planning at local level have been adopted. As part of chapter C.10 on energy, a market-based framework for renewable energy has been introduced and the legislation to ensure the independence of the National Energy Utilities Regulatory Commission has entered into force. As part of chapter C.11 on transport, the revised national transport strategy has been adopted and the strategy for developing and expanding the border infrastructure with EU Member States and the Republic of Moldova has been adopted. As part of chapter C.12 on agri-food sector, the strategy for agriculture and rural development has been adopted and the legislation on the State Agrarian Register has entered into force. As part of chapter C.13 on management of critical raw materials, the legislation revising the national programme for the development of the mineral resource base has entered into force.

¹ Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility, OJ L, 2024/792, 29.2.2024, ELI: <http://data.europa.eu/eli/reg/2024/792/oj>.

² Council Implementing Decision (EU) 2024/1447 of 14 May 2024 on the approval of the assessment of the Ukraine Plan, OJ L, 2024/1447, 24.5.2024, ELI: http://data.europa.eu/eli/dec_impl/2024/1447/oj. The Annex to the Council Implementing Decision is available at: <https://data.consilium.europa.eu/doc/document/ST-9492-2024-ADD-1/en/pdf>

Step 2.1

Name of the step: Adoption of the strategic plan for digitalisation of the State Tax Service
Related reform/investment: Reform 1. Improved revenue management
Financed from: loans
Context <p>The requirement for Step 2.1 described in the CID Annex is: <i>‘Adoption of the strategic plan for digital development, digital transformation and digitalization of State Tax Service of Ukraine, in line with the recommendations of the National Revenue Strategy for 2024-2030.’</i></p> <p>Step 2.1 is the second step in the implementation of Reform 1 of Chapter 2 (public financial management). It was preceded by Step 2.2 (adoption of the strategic plan for the digitalisation of the state customs service), which was positively assessed in Q2 2024.</p>
Evidence provided <ol style="list-style-type: none">1. summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the CID Annex;2. copy of Order of the Ministry of Finance No 660 <i>‘On the implementation of the Decision of the Committee on Information Technology Management in the Public Financial Management System’</i>, dated 24 December 2024;3. copy of the <i>‘Strategic plan for digitalisation of the State Tax Service of Ukraine up to 2030’</i> as an attachment to Order of the Ministry of Finance No 660 of 24 December 2024.
Analysis <p>The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 2.1.</p> <p>The objective of Reform 1 of Chapter 2 (public financial management) is to enhance domestic revenue mobilisation by improving the efficiency and effectiveness of the tax and customs administrations. To this end, the Ministry of Finance adopted the <i>Strategic plan for the digitalisation of the State Tax Service of Ukraine up to 2030</i> through Order No 660 of 24 December 2024. The objective of the strategic plan is to strengthen the tax administration’s functioning and service provision capacity by upgrading its digital infrastructure ecosystem.</p> <p>The strategic plan sets out the key priorities and associated projects for the digital development of the State Tax Service, in line with the Tax Code of Ukraine and the National Revenue Strategy for 2024-2030. The key priorities are to: (i) enhance taxpayer compliance; (ii) promote transparency; (iii) improve data quality and governance; (iv) align its digital systems with the EU’s digital systems; and (v) strengthen data security. The plan identifies 26 projects to be</p>

carried out over the next five years to help achieve the priorities set. These projects seek either to improve existing IT systems or to introduce new ones.

To enhance taxpayer compliance and increase the overall tax base, the plan envisages the introduction of an automated risk-based management and audit system designed to identify high-risk taxpayers and assess non-compliance risks. It also envisages improvements in the electronic pre-filling of tax returns to facilitate tax reporting. To promote transparency, an information management system will be introduced to provide real-time data on taxpayers' tax status. Setting up a single electronic warehouse for data storage should improve data quality, governance and use. Integration with the VAT Information Exchange System (VIES) and the Excise Movement and Control System (EMCS) should help Ukraine further align its digital systems with the EU's digital systems.

The strategic plan includes a revision clause to ensure alignment with potential developments at EU level regarding digital systems in the field of tax administration, including VIES and EMCS.

Commission assessment: satisfactorily fulfilled

Step 3.6

Name of the step: Entry into force of the legislation on the improvement of the insolvency regime
Related reform/investment: Reform 2. Reforms of insolvency and enforcement of court decisions
Financed from: non-repayable support
<p>Context</p> <p>The requirement for Step 3.6 described in the CID Annex is:</p> <p><i>‘Entry into force of the law on the improvement of insolvency regime and the relevant secondary legislation, introducing insolvency prevention system and the early warning tool for legal entities and entrepreneurs in line with the principles of Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132. The new legislation focuses on these main areas:</i></p> <ul style="list-style-type: none"> - <i>prevention of bankruptcy and restoration of solvency of debtors</i> - <i>early detection of signs of crisis in the company</i> - <i>identification of additional opportunities for restoring solvency of companies</i> - <i>availability of information for the companies about the mechanisms for preventing insolvency and early warning.</i>’ <p>Step 3.6 is the first of the five steps in the implementation of Reform 2 of Chapter 3 (judicial system). It is followed by Step 3.8 (due by Q2 2025) on improving the enforcement of court decisions; Step 3.9 (due by Q4 2025) on the data collection system on enforcement of decisions; Step 3.7 (due by Q1 2026) on simplifying insolvency proceedings for small and medium-sized enterprises (SMEs); and Step 3.10 (due by Q2 2026) on upgrading the IT system for the enforcement of court decisions.</p>
<p>Evidence provided</p> <ol style="list-style-type: none"> 1) summary document duly justifying how the step was satisfactory fulfilled in line with the requirements set out in the CID Annex; 2) copy of Law of Ukraine No 3985-IX ‘<i>On Amendments to the Code of Ukraine on Bankruptcy Procedures and Other Legislative Acts of Ukraine regarding the Implementation of Directive 2019/1023 of the European Parliament and of the Council of the European Union and the Introduction of Preventive Restructuring Procedures</i>’, dated 19 September 2024; 3) copy of Law of Ukraine of No 4114-IX ‘<i>On Amendments to Certain Legislative Acts of Ukraine on the Priority Right of Certain Categories of Internally Displaced Persons to Receive Compensation for the Objects of Destroyed Real Estate</i>’, dated 4 December 2024;

- 4) copy of Resolution of the Cabinet of Ministers of Ukraine No 1424 '*On Amendments to the Regulation of the Ministry of Justice of Ukraine and Revocation of Certain Resolutions of the Cabinet of Ministers of Ukraine on Bankruptcy*', dated 13 December 2024;
- 5) copy of Order of the Ministry of Justice of Ukraine No 3710/5 '*On Approval of the Procedure for Collecting, Summarizing and Posting Statistical Information on the Procedures for Preventive Restructuring, Bankruptcy and Insolvency of an Individual on the Website of the Ministry of Justice of Ukraine*', dated 23 December 2024;
- 6) copy of Order of the Ministry of Justice of Ukraine No 3734/5 '*On Approval of the Standard Forms of the Preventive Restructuring Plan for Microenterprises and Small Businesses and the Agreement with the Preventive Restructuring Administrator*', dated 25 December 2024;
- 7) copy of Order of the Ministry of Justice of Ukraine No 3733/5 '*On Amendments to the Lists of Mandatory Issues for Training of Persons Intending to Carry Out Activities of Insolvency Practitioners for Training of Insolvency Practitioners in Bankruptcy Cases of Non-Bank Financial Institutions and in Bankruptcy Cases of State-Owned Enterprises and Business Associations in the Authorized Capital of which more than 50% of Shares (Stakes) are Owned by the State*', dated 25 December 2024.

Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 3.6.

The Ukrainian parliament adopted Law No 3985-IX on 19 September 2024. On 4 December 2024, it adopted Law No 4114-IX amending the date of entry into force of the Law's provisions. Based on this amendment, the Law entered into force on 1 January 2025 and the relevant secondary legislation followed between 4 December 2024 and 1 January 2025.

Law No 3985-IX introduces a system of insolvency prevention and early warning tools for legal entities and entrepreneurs in line with the principles of *Directive (EU) 2019/1023 of the European Parliament and of the Council of 20 June 2019 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132*. The system introduced by the Law enables the prevention of bankruptcy and the restoration of solvency for debtors. This includes in particular: (i) the identification and reporting of insolvency risks; (ii) a clear process for opening and resolving a preventive restructuring procedure; (iii) clear and comprehensive requirements for restructuring plans; (iv) the appointment of an insolvency practitioner; (v) a requirement for debtors to prove a business's viability; (vi) implementation of a creditors' best interest test; (vii) debtor protection measures (including suspension of enforcement

actions); (viii) a cross-class ‘cram-down’ mechanism for settling creditors’ claims; (ix) protection of workers’ interests; and (x) simplification of procedure for micro, small and medium-sized enterprises.

The Law allows for early detection of signs of crisis in a company. This includes a legal obligation for auditors, accountants and the management of a company to notify debtors of any signs or threats of insolvency. The Ministry of Justice of Ukraine is required to make available on its website information on the procedure and instruments for the early warning of insolvency risks. The secondary legislation updates the mandatory training requirements for insolvency practitioners to include preventive restructuring, with the objective of raising awareness of the procedure and promoting its use. The Law enables the identification and implementation of additional opportunities for restoring the solvency of companies. This includes additional debtor protection measures for interim financing, for reprofiling liabilities and for new financing and capital raising measures as part of the restructuring plan.

Commission assessment: satisfactorily fulfilled

Step 6.1

Name of the step: Adoption of the state ownership policy and of the triage of state-owned enterprises
Related reform/investment: Reform 1. Adopting a State Ownership Policy
Financed from: loans
<p>Context:</p> <p>The requirement for Step 6.1 described in the CID Annex is:</p> <p><i>‘Adoption and publication of the Resolution of the Cabinet of Ministers of Ukraine on Approving the General State Ownership Policy and the “triage of SOEs. The State Ownership Policy focuses on these main areas:</i></p> <ul style="list-style-type: none">- <i>listing the public policy objectives that SOEs are required to achieve;</i>- <i>describing the state’s role in the governance of SOEs; how the state will implement its ownership policy; and the respective roles and responsibilities of those government authorities involved in its implementation;</i>- <i>defining the overall rationales for keeping SOEs under state ownership and subjects these rationales to regular reviews;</i>- <i>setting long-term and whole-of-government priorities of SOEs ownership;</i>- <i>defining dividend policy, remuneration policy for members of supervisory boards and managers.</i> <p><i>The ownership policy allows for the implementation of OECD Corporate governance reforms in DSO companies to improve competition in natural gas markets.</i></p> <p><i>The triage of SOEs leads to the following outcomes:</i></p> <ul style="list-style-type: none">- <i>a list of SOEs that will remain in state ownership as strategic;</i>- <i>a list of SOEs that will be proposed for privatisation, also indicating all SOEs which are temporarily banned for privatisation during the martial law in a dedicated subsection;</i>- <i>a list of SOEs which will be liquidated.’</i> <p>Step 6.1 is the only step in the implementation of Reform 1 of Chapter 6 (management of public assets).</p>
<p>Evidence provided</p> <ol style="list-style-type: none">1) summary document duly justifying how the step was satisfactory fulfilled in line with the requirements set out in the CID Annex;2) copy of Resolution of the Cabinet of Ministers No 1369 on <i>‘Adoption of the State Ownership Policy, remuneration policy for members of state-owned enterprises supervisory boards and their managers, the state dividend policy’</i>, dated 29 November 2024;3) copy of the <i>‘State Ownership Policy, remuneration policy for members of state-owned enterprises supervisory boards and their managers, the state dividend</i>

policy’ as an attachment to the Resolution of the Cabinet of Ministers No 1369 dated 29 November 2024;

- 4) copy of Protocol No 122 Decision 2.6 on ‘*Approval of the Action Plan for the State Ownership Policy*’, dated 29 November 2024;
- 5) copy of the ‘*Action Plan for the State Ownership Policy*’ as an attachment to the Protocol No 122 Decision 2.6 dated 29 November 2024;
- 6) copy of Protocol No 135 Decision 6.1 on the ‘*Approval of triage of state-owned enterprises*’, dated 27 December 2024;
- 7) copy of extract from the Protocol No 9 of the Cabinet of Minister meeting of 24 January 2025 taking note of the ‘*roadmap for the reform of corporate governance of gas distribution system operators, developed by the Ministry of Energy*’.

Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 6.1.

The Cabinet of Ministers of Ukraine adopted the State Ownership Policy (the SOP) on 29 November 2024. This is a comprehensive document that defines the role of the state in the management of state-owned enterprises (SOEs). According to its provisions, the document has to be mandatorily revised within one year of being approved and at least every five years thereafter.

The SOP identifies a set of public policy objectives for SOEs to contribute to, such as the providing goods and services to satisfy citizens’ needs and contribution to sustainable economic development and social welfare. SOEs are also expected to contribute to environmental protection, energy efficiency and digitalisation.

Ukrainian primary law sets out the main responsibilities of government entities in the management of SOEs. The SOP further describes the roles of government bodies and relevant stakeholders such as the Anti-Monopoly Committee and the State Property Fund in the different processes relating to the management of state property. A detailed attribution of responsibilities is included (e.g. for triage operations, privatisation, application of corporate governance principles and assessment of SOEs’ performances). In the triage, the Ministry of Economy coordinates line ministries and stakeholders’ inputs for the preparation of the triage, while the Cabinet of Ministers is responsible for its formal approval and endorsement. The Ukrainian parliament is also consulted on the approval of the list of SOEs to be kept under state ownership. The SOP also describes the role of the Ministry of Finance throughout the process.

The SOP sets out the overall rationale and objectives for keeping SOEs under state control. It refers to the risk of market failures and natural monopolies as well as the need to ensure national security and defence considerations. SOEs’ management entities need to

demonstrate their compliance with the goals and reasons set out in the SOP in order to keep the enterprise under state control.

The SOP sets out the long-term and whole-of-government priorities for SOE ownership, ensuring proper management of state property. This includes the formulation of transparency and reporting requirements for SOEs; procedures and objectives for assessing SOEs' activities; and procedures for ensuring compliance with competitive neutrality and the corporate governance regime. The document further sets the objectives concerning the management of state property during martial law, with the specific short-term objective of ensuring national security.

Together with the State Ownership Policy, the Cabinet of Ministers of Ukraine adopted a remuneration policy for members of supervisory boards of SOEs and their managers, and a state dividend policy. The remuneration policy prescribes a more uniform approach across different SOEs. The state dividend policy lays down general principles for determining the size and payment of SOEs' dividends to the state budget.

The SOP includes a commitment for Ukraine to implement OECD corporate governance reforms in Distribution System Operators (DSOs) in order to improve competition in natural gas markets. To further develop this commitment, the Cabinet of Ministers took note of a roadmap for establishing a separate and independent legal entity with an independent supervisory board managing DSOs, following corporate governance principles.

The SOP also sets out the steps in the triage process. On this basis, the Cabinet of Ministries has formally adopted the SOEs triage. This includes: (i) the list of the SOEs to be kept under state ownership; (ii) the list of SOEs whose privatisation is suspended during martial law; and (iii) the list of SOEs whose property will be placed under the control of the State Property Fund for either privatisation or liquidation. As defined in the SOP, the State Property Fund will then draw up two separate lists, one for SOEs subject to privatisation and one for those subject to liquidation.

Commission assessment: satisfactorily fulfilled

Step 7.5

Name of the step: Adoption of the Strategy for reforming Psychoneurological, Other residential Institutions and De-institutionalisation of Care for Persons with Disabilities, and older Persons and of the Strategy for Enduring the Right of Every Child in Ukraine to Grow Up in a family Environment for 2024-2028
Related reform/investment: Reform 5. Improved social infrastructure and de-institutionalisation
Financed from: loans
Context <p>The requirement for Step 7.5 described in the CID Annex is:</p> <p><i>‘Adoption of the Order of the Cabinet of Ministers “On Approval of the Strategy for Reforming Psychoneurological, Other Residential Institutions and De-institutionalisation of Care for Persons with Disabilities and Older Persons” and of the Order of the Cabinet of Ministers “On Approval of the Strategy for ensuring the right of every child in Ukraine to grow up in a family environment for 2024-2028”. The strategies focus on these main areas:</i></p> <ul style="list-style-type: none">- <i>development of social services to support families with children, people with disabilities and older persons to live independently in the community and prevent institutionalisation;</i>- <i>development of assisted living services for people with disabilities and older people who need additional support;</i>- <i>providing family-based forms of upbringing (e.g. foster care, guardianship, and adoption) for children left without parental care.’</i> <p>Step 7.5 is the only step in the implementation of Reform 5 of Chapter 7 (human capital).</p>
Evidence provided <ol style="list-style-type: none">1) summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the CID Annex;2) copy of Order No 1355-r of the Cabinet of Ministers on the approval of the <i>‘Strategy for the Reform of Psychoneurological and Other Residential Institutions and Deinstitutionalization of Care for Adults with Disabilities and the Elderly up to 2034’</i>, as well as the <i>‘Operational Plan of Measures for Its Implementation in 2025-2027’</i>, both dated 24 December 2024;3) copy of Decree No 1201 of the Cabinet of Ministers on the approval of the <i>‘Strategy for ensuring the right of every child in Ukraine to grow up in a family environment for the years 2024–2028’</i>, as well as the <i>‘Operational Plan of Measures for its Implementation for the Years 2024–2026’</i>, both dated 26 November 2024.
Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 7.5.

‘The Strategy for Ensuring the Right of Every Child to Grow Up in a Family Environment for 2024-2028’ was adopted on 26 November 2024 by the Cabinet of Ministers along with the operational plan of action for its implementation for 2024-2026.

The strategy aims to ensure that every child can benefit from their right to grow up in a safe and supportive family environment by creating a support system for children and families with children, reintegrating children into their families and developing family forms of upbringing (including foster care, guardianship and adoption).

The strategy is based on the principles of de-institutionalisation and that the family is the best environment for the full and harmonious development of children. It pursues family-based forms of upbringing and includes steps to amend the legislation and pave the way for more optimal placements that consider the best interests and needs of children. The strategy supports the raising of orphans and children deprived of parental care, including children with disabilities, in a family environment. It aims to provide children and families with children with support services, including: support for specialisation of foster families, to help them provide the right conditions for children with special needs; targeted support services for children (including children with disabilities) and people aged 14 to 23, in receipt of alternative care and upbringing, to help them live independently and participate actively in society.

‘The Strategy for the Reform of Psychoneurological and Other Residential Institutions and Deinstitutionalization of Care for Adults with Disabilities and the Elderly until 2034’ was adopted on 24 December 2024 by the Cabinet of Ministers along with the operational plan for the implementation of the first stage of the strategy covering 2025-2027. The strategy aims to ensure people with disabilities and older people can exercise their right to independent living and inclusion in their local community. This includes ensuring barrier-free access to the services needed (e.g. education, culture, and social, legal, medical and psychological assistance).

The strategy supports development of the market for the social, rehabilitation and assisted-living services which people with disabilities and older people need to live independently in their preferred environment. It acknowledges the role of families and aims to improve access to information on available care and support options for informed decision-making. The strategy supports improvements in the quality of long-term care and social services. It aims to improve procedures and standards for the provision of such services and to update the system for assessing compliance with such standards.

Commission assessment: satisfactorily fulfilled

Step 8.7

Name of the step: Adoption of the resolution for the resumption of market surveillance measures and control of non-food products, including product safety inspection
Related reform/investment: Reform 5. Harmonisation of legislation and standards with the EU
Financed from: loans
Context <p>The requirement for Step 8.7 described in the CID Annex is: <i>‘Adoption of the Resolution of the Cabinet of Ministers of Ukraine on Amendments to the Resolution of 13 March 2022 no 303 “On the Termination of Measures of State Surveillance (Control) and State Market Surveillance under the Conditions of Martial Law” with regard to the exclusion of state market surveillance from its scope and to repeal Resolution of 3 May 2022 no 550 “On the Termination of the Carrying Out of State Control of Non-Food Products under the Conditions of Martial Law” in order to resume market surveillance measures and control of non-food products, including product safety inspections.’</i></p> <p>Step 8.7 is the first of two steps in the implementation of Reform 5 of Chapter 8 (business environment). It is followed by Step 8.8 (due by Q3 2025) on the adoption of harmonised standards for three groups of industrial products.</p>
Evidence provided <ol style="list-style-type: none">1) copy of Resolution of the Cabinet of Ministers No 261 <i>‘On Amendments to the Resolutions of the Cabinet of Ministers of Ukraine dated March 13, 2022, No 303 and dated May 3, 2022, No 550’</i>, dated 8 March 2024;2) copy of Resolution of the Cabinet of Ministers No 1052 <i>‘On Amendments to the Resolutions of the Cabinet of Ministers of Ukraine dated March 13, 2022, No 303 and dated May 3, 2022, No 550’</i>, dated 6 September 2024;3) copy of Resolution of the Cabinet of Ministers No 1511 <i>‘On Amendments to the Resolution of the Cabinet of Ministers of Ukraine No 303 dated 13 March 2022 and Invalidation of Certain Resolutions of the Cabinet of Ministers of Ukraine’</i>, dated 27 December 2024;4) copy of Resolution of Cabinet of Ministers No 303 <i>‘On termination of measures of state supervision (control) and state market supervision under martial law’</i>, dated 13 March 2022;5) copy of Resolution of Cabinet of Ministers No 550 <i>‘On termination of state control of non-food products under martial law’</i>, dated 3 May 2022.
Analysis <p>The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 8.7.</p>

Ukraine has fully restored market surveillance, control and inspections over non-food products, through the adoption of three successive resolutions. These resolutions amended Resolutions of the Cabinet of Ministers of Ukraine No 303 of 13 March 2022 and No 550 of 3 May 2022 to restore state surveillance and control, and product safety inspections on non-food products.

The three resolutions have gradually restored market surveillance, control and inspections in the following manner.

- Resolution No 261 of 8 March 2024 restored market surveillance and control for the following groups of industrial goods falling under the Agreement on Conformity Assessment: (i) household lamps of non-directional radiation; (ii) low-voltage electrical equipment in compliance with the technical regulations on Electromagnetic Compatibility of Equipment; and (iii) machines and equipment in compliance with the technical regulations for Machine Safety.
- Resolution No 1050 of 6 September 2024 further extended market surveillance and control to: (i) toys, in compliance with the technical regulations on Toy Safety; (ii) mobile pressure equipment, in compliance with the technical regulations on Mobile Pressure; (iii) personal protective equipment, in compliance with the requirements of the technical regulations for Personal Protective Equipment; (iv) lifts and safety components for lifts, in compliance with the requirements of the technical regulations for Lifts and Safety Components for Lifts; and (v) medical devices and auxiliary means for them, in compliance with the requirements of the technical regulations for Medical Devices.
- Resolution No 511 of 27 December 2024 fully restored inspections over non-food products that had been suspended since 13 March 2022.

Commission assessment: Satisfactorily fulfilled

Step 9.6

Name of the step: Adoption of resolutions for development of urban planning at the local level
Related Reform/Investment: Reform 3. Development and implementation of regional policy
Financed from: Loans
Context <p>The requirement for Step 9.6 described in the CID Annex: <i>‘Adoption of the Resolutions by the Cabinet of Ministers of Ukraine approving the Procedure for maintaining the state-level urban planning cadastre, the Unified State Address Register, the Unified State Register of Buildings and Structures, the Unified State Register of Administrative Units, amending resolutions of the Cabinet of Ministers of Ukraine regulating the development of urban planning documentation in the form of electronic documents, maintaining the Unified State Electronic System in the field of construction, integration and information interaction of registers and cadastres of the state.’</i></p> <p>Step 9.6 is the second and last step in the implementation of Reform 3 of Chapter 9 (decentralisation and regional policy).</p>
Evidence provided <ol style="list-style-type: none">1. summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the CID Annex;2. copy of Resolution No 254 of the Cabinet of Ministers on <i>‘Some issues of implementing the experimental project on the creation of the Unified State Register of Administrative Units and Territories of Territorial Communities, the Unified State Address Register, the Register of Buildings and Structures as part of the Unified State Electronic System in the field of construction’</i>, dated 5 March 2024;3. copy of Resolution No 613 of the Cabinet of Ministers <i>‘On Amendments to the Procedure for Maintaining the Unified State Electronic System in the Field of Construction’</i>, dated 30 May 2024;4. copy of Resolution No 909 of the Cabinet of Ministers <i>‘On some issues of implementing the experimental project on the introduction of the Urban Planning Cadastre at the State level’</i>, dated 9 August 2024;5. copy of Resolution No 1557 of the Cabinet of Ministers <i>‘On Amendments to the Resolutions of the Cabinet of Ministers of Ukraine on the Development of Urban Planning Documentation at the Local Level’</i>, dated 31 December 2024.
Analysis

The justification and evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 9.6.

The overall objective of this step is to contribute to the digital development of Ukrainian territories as one of the priorities of state regional policy, recovery policy and urban planning policy. The Cabinet of Ministers has adopted four separate resolutions that bring about changes to several other resolutions as well as a few procedures, classifications and regulations.

Resolution No 254 of 5 March 2024 approved the Unified State Address Register, the Unified State Register of Buildings and Structures, and the Unified State Register of Administrative Units. Its purpose is to create harmonised official sources of information in the form of registers on Ukraine's administrative units and territories. More specifically, these registers contain information about specific objects (e.g. streetlamps, fences and walls), addresses and technical characteristics of buildings, structures and premises. Before this, the state had access only to information on the use of plots of land (via the State Land Cadastre), construction activity (via the Register of Construction Activities) and rights to immovable property. The introduction of new registers for information allows more effective data-tracking at the state level, thereby reducing potentially excessive costs and inefficiencies.

Resolution No 613 of 30 May 2024 called for the continuation of the Unified State Electronic System for the construction and integration of state registers and cadastres and for data interaction between them, to bring relevant procedures into line with legislation.

Resolution No 909 of 9 August 2024 introduced a functioning and integrated information system for the urban planning cadastre at state level. There had previously been only a small network of functional IT systems at regional and local levels. It also paved the way for further digitalisation of procedures for the development, update, amendment and approval of urban planning documentation according to uniform requirements.

Resolution No 1557 of 31 December 2024 amended procedures and resolutions which specify technical specifications for electronic documents and various technical classifications to be used in the context of urban planning documentation.

Commission assessment: satisfactorily fulfilled

Step 10.2

Name of the step: Introduction of a market-based framework for renewable energy
Related reform/investment: Reform 2. Improved regulatory framework for increasing renewable energy and ensuring stable operation of the energy system
Financed from: loans
<p>Context</p> <p>The requirement for Step 10.2 described in the step description of the CID annex is: <i>‘Entry into force of market-based legislative and regulatory framework for investments in renewable energy sources in line with EU rules, namely necessary procedures and documents for competitive auctions. The following legislative act is introduced/amended: The Resolution of the Cabinet of Ministers ‘On Amendments to the Resolution of the Cabinet of Ministers dated 29 December 2019 No 1175 on Improving the Procedure for Holding Auctions for the Distribution of Support Quotas’.</i></p> <p>Step 10.2 is the first step in the implementation of Reform 2 of Chapter 10 (energy sector). It will be followed by Step 10.3 (due by Q3 2026) on legislation for shortening the permitting procedures for renewable investments; and by Step 10.4 (due by Q4 2025) on the adoption of the roadmap for separating the renewable energy surcharge from the transmission tariff.</p>
<p>Evidence provided</p> <ol style="list-style-type: none"> 1) summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the CID Annex; 2) copy of Resolution No 232 of the Cabinet of Ministers on <i>‘Amendments to the Resolutions of the Cabinet of Ministers of Ukraine No 420 dated 23 May 2018 and No 1175 dated 27 December 2019’</i>, dated 1 March 2024.
<p>Analysis</p> <p>The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 10.2.</p> <p>The objective of this reform is to increase the share of renewable energy in Ukraine’s energy mix. Resolution No 232, which amended two key resolutions in the legislative framework for investment in renewable energy, entered into force on 1 March 2024. These amendments introduced a market-based legislative and regulatory framework for investment in renewable energy sources. They stipulate that auction procedures are to be used only for allocating support based on the market premium mechanism. They also refer to the necessary procedures and documents for competitive auctions (e.g. the preparation of the auction, the determination of the winner based on the results of the auction, and the formation of annual quotas for support for business entities that produce electricity from</p>

renewable energy sources). Based on these amendments, auctions are to be organised in a way that ensures, among other points, competition between participants; the openness, transparency and non-discrimination of participants; and the confidentiality of information about participants until the end of the auction, in line with EU rules.

Commission Assessment: Satisfactorily fulfilled

Step 10.10

Name of the step: Entry into force of the legislation to ensure the independence of the National Energy Utilities Regulatory Commission
Related reform/investment: Reform 5. Ensuring independence of National Energy and Utilities Regulatory Commission
Financed from: loans
Context <p>The requirement for Step 10.10 described in the step description of the CID Annex is: <i>‘Entry into force of the amendments Law dated 24 August 2023 No 3354-IX “On lawmaking activity”, which exempt the decisions of the National Energy and Utilities Regulatory Commission, which are regulatory legal acts, from the state registration procedure provided for by law. These amendments focus on these main areas:</i></p> <ul style="list-style-type: none">- <i>ensuring the independence of the Regulator as provided for by Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (recast) and Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC;</i>- <i>implementation of Article 5 of the Law of Ukraine ‘On the National Energy and Utilities Regulatory Commission’ on the prohibition of state bodies to interfere in the activities of the Regulator.’</i> <p>Step 10.10 is the first step in the implementation of Reform 5 of Chapter 10 (energy sector). It is followed by Step 10.11 (due by Q4 2025) on the entry into force of the amendments to the Law of Ukraine ‘On the National Energy and Utilities Regulatory Commission’ that should further improve the independence of the National Energy and Utilities Regulatory Commission.</p>
Evidence provided <ol style="list-style-type: none">1) summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the CID Annex;2) copy of the Law of Ukraine No 3915-IX on ‘Amendments to Certain Laws of Ukraine Concerning the Regulation of Certain Issues of the Use of Terminology in the Energy Sector’, dated 21 August 2024.
Analysis <p>The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 10.10.</p>

The overall objective of this reform is to strengthen the independence of the energy regulator and ensure the effective functioning and development of markets in the energy and utilities sectors. The Ukrainian parliament adopted Law of Ukraine No 3915-IX on *'Amendments to Certain Laws of Ukraine Concerning the Regulation of Certain Issues of the Use of Terminology in the Energy Sector'* on 21 August 2024. This entered into force on 18 September 2024. The general aim of the Law is to adapt the regulatory framework to technological developments and to align legal definitions with EU standards.

Article 7 of the Law introduces an exemption from state registration managed by the Ministry of Justice for the regulatory legal acts prepared by the National Energy and Utilities Regulatory Commission (the NEURC). The article also provides that regulatory legal acts by the NEURC should be entered into the Unified State Register of Normative Legal Acts after publication.

These amendments ensure that the NEURC is exempted from the state registration procedure and can take autonomous decisions independently from any political body in line with Article 57(5) of Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on *common rules for the internal market for electricity and amending Directive 2012/27/EU (recast) and Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC*. They also implement Article 5 of the Law of Ukraine on *'the National Energy and Utilities Regulatory Commission'* as regards the prohibition of state bodies from interfering in the regulator's activities.

Commission assessment: satisfactorily fulfilled

Step 11.1

Name of the step: Adoption of the revised National Transport Strategy of Ukraine until 2030
Related reform/investment: Reform 1. Comprehensive planning of transport sector
Financed from: loans
Context <p>The requirement for Step 11.1 described in the CID Annex is: <i>‘Adoption of an Order of the Cabinet of Ministers on updating the National Transport Strategy of Ukraine for the period up to 2030. The Strategy focuses on these main areas:</i></p> <ul style="list-style-type: none">- <i>reconstruction and development of a competitive and efficient transport system in line with EU policies and standards in particular relating to trans-European transport networks and the decarbonisation targets of the transport sector set out at international and European level (including through the development of railway, road and inland waterway routes, included in indicative maps of the TEN-T network, digitisation of transport system management, etc.);</i>- <i>high-quality passenger transportation and unimpeded mobility;</i>- <i>safe for people and the environment, sustainable, energy-efficient transport.’</i> <p>Step 11.1 is the only step in Reform 1 of Chapter 11 (transport). It is linked to Step 11.7, which envisages investments of at least EUR 350 million in transport infrastructure in line with the strategy adopted under Step 11.1.</p>
Evidence provided <ol style="list-style-type: none">1) summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the CID Annex;2) copy of Order No 1550 of the Cabinet of Ministers <i>‘On the Approval of the National Transport Strategy of Ukraine for the Period up to 2030 and the Approval of the Operational Plan for its Implementation in 2025-2027’</i>, dated 27 December 2024;3) copy of the <i>‘National Transport Strategy of Ukraine for the period up to 2030’</i> as an attachment to Order No 1550 of 27 December 2024.
Analysis <p>The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 11.1.</p> <p>The Cabinet of Ministers adopted the revised National Transport Strategy of Ukraine for the period up to 2030 via Order No 1550 of 27 December 2024. It replaces the previous strategy, adopted in May 2018.</p> <p>This strategic document focuses on the reconstruction and development of a competitive and efficient transport system in line with EU policies and standards, starting with a needs</p>

assessment for the restoration of transport infrastructure. The state regulation on natural monopolies in the field of transport will be revised. Equal, non-discriminatory and transparent conditions for accessing the transport market will be ensured. National legislation on several transport-related fields (particularly aviation, road, railway and maritime transport) will be aligned with international standards and the EU *acquis*.

The strategy has a particular focus on trans-European transport networks (TEN-T) and the development of railway, road and inland waterway routes which are included in the maps of the TEN-T network.

The strategy is consistent with the international and EU decarbonisation targets for the transport sector. It highlights the need to progress to a more sustainable and green transport system, referring to relevant EU legislation and the EU's target of reaching climate neutrality by 2050. It aims to ensure compliance with the Paris Agreement and with Ukrainian climate legislation. It targets a reduction in the volume of total greenhouse gas emissions by road, aviation, water transport and railways of up to 33% by comparison with the 1990 level, or up to 90% compared to the 2021 level. To achieve this expected result, the strategy includes measures aiming at modernising the fleet of vehicles and creating the conditions for the deployment of alternative fuels, renewable energy and electric vehicles and for the modernisation and wider use of public transport

The strategic document includes provisions on the digitalisation of transport management. These include the introduction of an electronic form of information on cargo transportation and an electronic toll collection system. Furthermore, Ukraine will gradually implement the European Rail Traffic Management System (ERTMS) and introduce digital tools to increase capacity at border crossing points.

The strategy describes how high-quality passenger transportation and unimpeded mobility will be developed (e.g. by developing passenger terminals, transport hubs and bicycle paths) with the aim of improving connectivity between different modes of transport. It also aims to make public transport more accessible to people with disabilities and other low-mobility groups. 60% of the transport infrastructure is to be made accessible by 2030. The share of accessible public vehicles in urban bus transportation should increase by up to 70%. Furthermore, an independent organisation for the investigation of accidents in transport will be created and a rail safety management system in line with the EU legislation will be implemented.

Through the strategy, Ukraine also aims to improve the safety of the transport system for its people and its environment. It proposes several measures to improve road safety and the safety of navigation. These include stricter enforcement of rules. For example, engineering solutions for forced speed reduction and a separation of traffic flows will improve the safety of roads and contribute to the target of reducing serious accidents in transport by 50% by 2030.

The strategy acknowledges the importance of reducing the negative impact of roads and transport infrastructure on the environment and of taking environmental aspects into

consideration during the planning, design and construction of transport infrastructure. It thus promotes sustainable and energy-efficient transport. Cities will develop and implement sustainable urban mobility plans by following the examples of EU cities and coherent with the TEN-T urban nodes approach. The share of electric transport will be increased, and the development of charging infrastructure promoted. The strategy sets targets for the renewal of the urban bus fleet, the increased use of alternative and renewable fuels, and a reduction of emissions from road transport of up to 23% of the 1990 level.

Commission assessment: satisfactorily fulfilled

Step 11.2

Name of the step: Adoption of the Strategy for developing and expanding the border infrastructure with EU Member States and the Republic of Moldova until 2030
Related reform/investment: Reform 2. Development of Ukraine's export logistics potential
Financed from: loans
Context <p>The requirement for Step 11.2 described in the CID Annex is: <i>'Adoption of the Strategy for Developing and Expanding the Border Infrastructure with EU Member States and the Republic of Moldova until 2030. The Strategy focuses on these main areas:</i></p> <ul style="list-style-type: none">– <i>reconstruction of border crossing points on the border with Poland, Slovakia, Hungary, and Romania;</i>– <i>creation of a network of service areas;</i>– <i>simplification of border crossing procedures (digitalisation and introduction of joint control) in line with EU standards.'</i> <p>Step 11.2 is the only step in the implementation of Reform 2 of Chapter 11 (transport).</p>
Evidence provided <ol style="list-style-type: none">1) summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the CID Annex;2) copy of Order No 1337-p of the Cabinet of Ministers <i>'On the Approval of the Strategy for Developing and Expanding the Border Infrastructure with EU Member States and the Republic of Moldova until 2030 and approval of the operational plan for its implementation in 2024-2030'</i>, dated 24 December 2024;3) copy of the <i>'Strategy for Developing and Expanding the Border Infrastructure with EU Member States and the Republic of Moldova until 2030'</i> as an attachment to Order No 1337-p of 24 December 2024.
Analysis <p>The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 11.2.</p> <p>The Cabinet of Ministers adopted the Strategy for developing and expanding the border infrastructure with EU Member States and the Republic of Moldova until 2030 with Order No 1337-p of 24 December 2024. The Strategy concentrates on the development of road and rail border crossing points.</p> <p>The Strategy focuses on the reconstruction of border crossing points on the borders with Hungary, Poland, Romania, Slovakia and the Republic of Moldova. It aims to reconstruct or</p>

modernise 17 border crossing points and construct 12 new ones at the borders with the EU. It also prioritises the development of border infrastructure on the Trans-European Transport Network (TEN-T) routes.

The Strategy deals with the creation of a network of service areas. These will be constructed at the border crossing points and provide basic services for people crossing them such as food, medical care, trade, insurance, accommodation, maintenance and fuel for vehicles, and parking. The service areas will be equipped with digital systems for simplifying border crossings, such as the ‘Electronic Border Crossing Queue’ eCherga system. An analysis of the needs and the state of existing infrastructure will be undertaken before the works on the network begin.

The Strategy aims to simplify border-crossing procedures (digitalisation and introduction of joint control, which is understood as coordinated control) in line with EU standards. On digitalisation, the scope of the eCherga has been expanded and the Strategy aims to introduce the system to manage queues of vehicles at all border crossing points. Ukraine should also introduce new equipment such as video control systems, weight in motion, and scanning while establishing operational integration of all information and communication systems used during control operations.

Ukraine is working to conclude cooperation agreements with the governments of neighbouring EU Member States (Hungary, Poland, Romania and Slovakia) establishing coordinated controls in line with EU standards.

Commission assessment: satisfactorily fulfilled

Step 12.1

Name of the step: Adoption of the strategy for agriculture and rural development until 2030
Related reform/investment: Reform 1. Aligning the institutional framework on agriculture and rural development to the EU policy
Financed from: loans
<p>Context</p> <p>The requirement for Step 12.1 described in the step description of the CID Annex is: <i>‘Adoption of the Strategy for Agriculture and Rural Development until 2030. The strategy focuses on these main areas:</i></p> <ul style="list-style-type: none"> - <i>adapting Ukrainian Agriculture and Rural Development policies to the EU pre-accession context and areas of special Ukrainian concern, such as land reform, irrigation, war recovery and development support;</i> - <i>institutional strengthening and capacity building to develop necessary systems;</i> - <i>acceleration of the process to approximate legal acts and capacities for agri-food agriculture and sanitary and phytosanitary measures (SPS) to EU standards;</i> - <i>promoting the development to small producers and rural communities;</i> - <i>defining of environmental and climate action baselines and targets, building up evidence-based programming and sound financial management and control capacities.’</i> <p>Step 12.1 is the first step in the implementation of Reform 1 of Chapter 12 (agri-food sector). It is followed by Step 12.2 (due by Q1 2027) to establish the farm sustainability data network (FSDN) system.</p>
<p>Evidence provided</p> <ol style="list-style-type: none"> 1. summary document duly justifying how the step has been satisfactorily fulfilled in line with the requirements set out in the CID Annex; 2. copy of the Decree of the Cabinet of Ministers of Ukraine No 1163-r on <i>‘On the approval of the Strategy for the Development of Agriculture and Rural Areas in Ukraine for the period up to 2030 and approval of the operational plan for its implementation in 2025-2027’</i>, dated 15 November 2024.
<p>Analysis</p> <p>The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 12.1.</p> <p>The overall objective of this reform is to develop strategic national priorities, including priorities for further alignment with EU practices, norms, and rules. The Cabinet of Ministers adopted Decree No 1163-r <i>‘On the approval of the strategy for the development of agriculture and rural areas in Ukraine for the period up to 2030 and approval of the operational plan for</i></p>

its implementation in 2025-2027' on 15 November 2024. The strategy sets out agriculture and rural development policies paving the way towards Ukraine's accession to the EU and support the development of a competitive, sustainable and diversified agricultural sector. It focuses on land reform, irrigation, war recovery and development support. It aims to: restore and further develop hydraulic facilities to ensure efficient water supply; clear land mines from agricultural areas and eliminate other consequences of military operations.

The strategy and its operational plan include measures to strengthen the Ministry of Agrarian Policy and Food's capacity for analytics and policy making, and for integration into the EU. The strategy plans to integrate the State Agrarian Register (SAR) into the EU's network of agricultural data, and to improve the interaction of the SAR and Ukrainian financial institutions, including the fund for partial credit guarantees in agriculture. It also envisages: making legislative amendments to create a payment agency that will ensure the timely and targeted payment of state support to agricultural producers; creating a functional administrative and control system for area-based payments; and implementing various market and investment measures.

The strategy plans to accelerate legislative alignment with EU standards, prioritising the requirements under the Association Agreement. It prioritises the approximation of legislation for sanitary and phytosanitary measures in line with the EU standards. This approximation is to be done in two stages – first in 2025-2027 and then in 2028-2030.

The strategy promotes the development of small producers and rural communities. Specifically, it plans the adoption of a simplified and unified procedure for participation in budget programmes and the redistribution of payments in favour of small producers, and the simplification of access to digital agriculture in order to increase farm productivity and optimise the use of chemicals. It also envisages the development of a national programme for the development of rural areas in 2025 under the responsibility of the Ministry of Agrarian Policy and Food, taking account of the principles of the EU LEADER programme.

The strategy and operational plan outline environmental and climate action baselines and targets up to 2030. These will serve as the basis for evidence-based programming, financial management and control capacities. They include targets and initiatives for increasing the volume of recycled agricultural waste and the volume of processed food industry waste; the density of agricultural areas; the share of agricultural land with organic production; and for developing the irrigation complex. These targets and initiatives should all mitigate the negative effects of climate change.

Commission assessment: satisfactorily fulfilled

Step 12.5

Name of the step: Entry into force of the legislation on the State Agrarian Register (SAR)
Related reform/investment: Reform 4. Improvement of the official public electronic farm register
Financed from: loans
<p>Context</p> <p>The requirement for Step 12.5 described in the CID Annex is: <i>‘Entry into force of the Law of Ukraine ‘On the State Agrarian Register’. The law focuses on these main areas:</i></p> <ul style="list-style-type: none"> - <i>the State Agrarian Register (SAR) is recognised as an official public electronic register in the field of agrarian policy and food security with the regulation of its mandatory elements, such as the procedure for its administration, the definition of its data, access by the third parties;</i> - <i>SAR coverage is expanded to register and include information on stakeholders throughout the entire agricultural value chains such as agricultural producers, food processors, water users;</i> - <i>SAR functionality is expanded, serving as a precondition for financial assistance and enabling targeted channelling of technical assistance, other administrative services, the introduction of analytical information;</i> - <i>registration in SAR is a precondition for receiving any type of public support in agri-food sector;</i> - <i>mandatory publication of the register of beneficiaries of any state support programmes in the sector implemented through SAR.’</i> <p>Step 12.5 is the first step in the implementation of Reform 4 of Chapter 12 (agri-food sector). It is followed by Step 12.6 (due by Q1 2026) on the publication of a report on the implementation of state support through the public Agricultural Register.</p>
<p>Evidence provided</p> <ol style="list-style-type: none"> 1) summary document duly justifying how the step was satisfactory fulfilled in line with the requirements set out in the CID Annex; 2) copy of the Law of Ukraine No 3980-IX ‘<i>On the Information and Communication System “State Agrarian Register”</i>’, dated 19 November 2024.
<p>Analysis</p> <p>The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of 12.5.</p>

The objective of this reform under the Plan is to formalise and improve the official public electronic farm register (the SAR). The Ukrainian parliament has adopted the Law of Ukraine No 3980-IX of 19 September 2024 '*On the Information and Communication System "State Agrarian Register"*'. The Law entered into force on 18 January 2025.

The Law sets out the legal, organisational and financial basis for the creation and functioning of the SAR. The SAR is officially recognised as an official public electronic register within agrarian policy and food security. The Law mandates that the register information is open to the public. It regulates procedures for SAR's administration and contains definitions of data and access by third parties.

The SAR's coverage has been expanded to include information on stakeholders throughout the entire agricultural value chain. Its functionality enables targeted channelling of technical assistance, other administrative services and the introduction of analytical information. Registration in the SAR is now mandatory for providing state support, support from local budgets, international technical assistance, grants in agriculture and other assistance programmes. The Law makes mandatory the publication of SAR information on beneficiaries receiving financial support.

Commission assessment: satisfactorily fulfilled

Step 13.1

<p>Name of the step: Entry into force of the legislation on revising the National Programme for the Development of the Mineral Resource Base of Ukraine to 2030</p>
<p>Related reform/investment: Reform 1. Strengthening strategic planning and ensuring optimum framework for strategic investors</p>
<p>Financed from: non-repayable support</p>
<p>Context</p> <p>The requirement for Step 13.1 described in the step description of the CID Annex is: <i>‘Entry into force of the Law of Ukraine on Amendments to the National Programme for the Development of the Mineral Resource Base of Ukraine for the Period up to 2030. The Law focuses on these main areas: - introduction of State Compensatory Fund for geological area; - prioritisation of the goals of extraction area in line with the EU Strategies; - definition of the terms of strategic and critical raw materials, the need for regular methodological risk assessment of the level of security of their supply, and the definition of a group of partner countries.’</i></p> <p>Step 13.1 is the first step in the implementation of Reform 1 of Chapter 13 (management of critical raw materials). It is followed by Step 13.2 (due by Q3 2025) on the publication of a report on the verification of Ukraine’s critical raw materials reserves using the international classification system. The results are made available to investors.</p>
<p>Evidence provided</p> <ol style="list-style-type: none"> 1) summary document duly justifying how the step has been satisfactorily fulfilled in line with the requirements set out in the CID Annex; 2) copy of the Law of Ukraine No 4154-IX on <i>‘On Amendments to Certain Legislative Acts of Ukraine on Updating the National Programme for the Development of the Mineral Resource Base of Ukraine for the Period up to 2030 and Regulation of Certain Issues Regarding Minerals and Components of Strategic and Critical Importance’</i>, dated 18 December 2024.
<p>Analysis</p> <p>The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 13.1.</p> <p>The overall objective of this reform is to attract investment in the extraction and processing of critical raw materials. The Ukrainian parliament adopted the Law of Ukraine No 4154-IX on <i>‘Amendments to the National Programme for the Development of the Mineral Resource Base of Ukraine for the Period up to 2030’</i>, dated 18 December 2024. The Law entered into force on 17 January 2025.</p> <p>The aim of the National Programme for the Development of the Mineral Resource Base is to provide highly professional scientific support for all types and stages of geological exploration</p>

and to develop state-of-the-art methodologies in line with relevant EU rules and international best practice in the field. This will significantly improve their efficiency and quality and ensure sustainable development.

The Law introduces the State Compensatory Fund for geological area, specifying its budgeting sources. It is expected that implementation of the programme will entail the execution of the measures set out in the Memorandum of Understanding between the European Union and Ukraine on Strategic Partnership in the field of Raw Materials (the MoU) concluded on 13 July 2021.

The Law amends the Code of Ukraine on Subsoil (the Code) on the establishment of the list of minerals of strategic importance and the list of minerals and components of critical importance. New provisions introduced by the Code set out the conditions for including metal ores and non-metallic minerals and their useful components in the lists of the minerals and components of strategic and critical importance.

The Law stipulates that, acting on a proposal from the central executive body, the Cabinet of Ministers will approve: the methodology for including minerals in the lists of minerals of strategic and of critical importance; the assessment of the criticality of the risk of disruption to the supply of relevant mineral raw materials and/or products processed from these mineral raw materials; and recommendations on measures to prevent the risk of disruption in their supply is to be approved by the Cabinet of Ministers upon submission of a proposal by the central executive body.

Cooperation with partner countries is ensured and promoted. The executive body implementing the state policy on geological research will participate in the activities of the Association of Geological Surveys of European Countries. The MoU activities with the EU and agreements with other countries will be implemented as part of the programme.

Commission assessment: satisfactorily fulfilled