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Proposal for a

COUNCIL IMPLEMENTING DECISION

**establishing the satisfactory fulfilment of the conditions for the payment of the fourth
instalment 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 ('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 of loans. Financing under Pillar I is mainly allocated on the basis of the Ukraine Plan of the Ukraine Facility ('the Plan'). The Plan sets out the reform and investment agenda for Ukraine, and the qualitative and quantitative steps that are linked to funding under Pillar I of the Facility.
- (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 that are linked to the funding under Pillar I of the Facility, are set out in the Annex to that Decision.
- (3) The total sum of financial resources made available for the Plan under 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 has been disbursed to Ukraine in the form of pre-financing

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).

representing an advance payment of 7% of the loan support that Ukraine is eligible to receive under the Plan.

- (5) In accordance with Article 26(4) of Regulation (EU) 2024/792, EUR 11 939 263 363 has been disbursed to Ukraine in the first three instalments under the Plan, of which EUR 3 400 000 000 has been disbursed in the form of non-repayable financial support and EUR 8 307 021 428 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, an amount of EUR 625 259 677 from the first three instalments was utilised to clear the pre-financing of the loan.
- (6) In accordance with Article 26(2) of Regulation (EU) 2024/792, on 6 June 2025, Ukraine submitted a duly justified request for the payment of a part of the fourth instalment of the loan support, amounting to EUR 3 286 218 317. The request was accompanied by a series of documents demonstrating the satisfactory fulfilment of 13 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, respectively, of Regulation (EU) 2024/792.
- (7) In accordance with Implementing Decision (EU) 2024/1447, Ukraine has provided, along with its request for payment, evidence demonstrating the satisfactory fulfilment of 13 steps due by the first quarter of 2025. Those 13 steps relate to various reforms set out in the Plan under the chapters on public administration reform, management of public assets, human capital, decentralisation and regional policy, agri-food sector, management of critical raw materials, digital transformation and green transition and environmental protection. Legislation has entered into force on the civil service remuneration, preschool education, public consultations on public policy, strengthening the cyber security capabilities of state information resources and critical information infrastructure and on the State Climate Policy. The strategy for the development of Ukrainian culture as well as action plan for digitalisation of public services until 2026 and action plan for the establishment of a national greenhouse gas emissions trading system have been adopted. Ukraine has also adopted the roadmap on the separation of public service obligations (PSO) and non-PSO activities, long-term plan on the irrigation system, revised plan for allocation and use of radio spectrum. An upgraded e-cabinet for subsoil users has been set up.
- (8) In accordance with Article 26(4) of Regulation (EU) 2024/792, the Commission has assessed Ukraine's request in detail and made a positive assessment of the satisfactory fulfilment of 13 qualitative and quantitative steps out of the 16 steps included in the fourth instalment, as specified in the Annex to this Decision. That positive assessment has been made 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 as set out in Article 5 of Regulation (EU) 2024/792. In particular,

Ukraine continues to uphold and respect effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and to guarantee respect for human rights, including the rights of persons belonging to minorities.

- (10) Measures related to the steps for which Ukraine had achieved satisfactory fulfilment in the previous instalments of the Plan have not been reversed by Ukraine.
- (11) Therefore, this Decision should establish that the relevant conditions for the payment of the fourth instalment in respect of 13 of the 16 steps under the Plan have been satisfactorily fulfilled.
- (12) 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 with a view to expediting 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 partial payment of the fourth instalment amounting to EUR 3 286 218 317 as set out in the Annex to Implementing Decision (EU) 2024/1447 is hereby established in line with the assessment, provided by the Commission in accordance with Article 26 of Regulation (EU) 2024/792, annexed to this Decision.

Article 2

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

It shall apply from the date of its adoption.

Done at Brussels,

For the Council
The President



Brussels, 30.6.2025
COM(2025) 365 final

ANNEX

ANNEX

to the

Proposal for a Council Implementing Decision

establishing the satisfactory fulfilment of the conditions for the payment of the fourth instalment under the Ukraine Plan of the Ukraine Facility

ANNEX

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

EXECUTIVE SUMMARY

On 6 June 2025, Ukraine submitted a request for a partial payment of the fourth 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 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, the 13 steps are considered to have been satisfactorily fulfilled.

As part of **chapter 1** on public administration reform, the legislation on the reform of civil service remuneration has entered into force.

As part of **chapter 6** on management of public assets, the roadmap on the separation of public service obligations and non-PSO (public service obligation) activities has been adopted.

As part of **chapter 7** on human capital, the legislation on pre-school education has entered into force and the strategy on the development of Ukrainian culture has been adopted.

As part of **chapter 9** on decentralisation and regional policy, the legislation on public policy consultations has entered into force.

As part of **chapter 12** on agri-food sector, an automated system for public monitoring of land relations has been set up and put into operation, and the long-term plan on the irrigation system has been adopted.

As part of **chapter 13** on management of critical raw materials, an upgraded e-cabinet of subsoil users has been set up and put into operation.

As part of **chapter 14** on digital transformation, the legislation on strengthening cyber security has entered into force and the action plans on the use of radio spectrum and on the digitalisation of public services have been adopted.

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). Annex to the Council Implementing Decision https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CONSIL%3AST_9492_2024_ADD_1&qid=1716536456361

As part of **chapter 15** on green transition and environmental protection, the legislation on state climate policy has entered into force and the action plan on the establishment of a national greenhouse gas emissions trading system has been adopted.

Step 1.1

Name of the step: Entry into force of the legislative changes to the civil service remuneration reform
Related reform/investment: Reform 1. Civil service remuneration reform
Financed from: loan
Context <p>The requirement for Step 1.1 described in the CID Annex is:</p> <p><i>‘Entry into force of legislation (including the adoption of the necessary secondary legal and normative acts), which complies with the relevant OECD SIGMA principles of public administration. The legislation focuses on these main areas:</i></p> <ul style="list-style-type: none"><i>- introduction of remuneration based on the functional classification of positions;</i><i>- a clear separation of wages into fixed or guaranteed (not less than 70% annually) and variable (not more than 30% annually) parts;</i><i>- reduction of seniority supplement from 50% to 30%.’</i> <p>Step 1.1 is the only step in the implementation of Reform 1 in Chapter 1 (public administration reform).</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 4282-IX <i>‘On Amendments to Certain Laws of Ukraine Regarding the Implementation of Unified Approaches to Remuneration of Civil Servants Based on Job Classification’</i> dated 4 June 2025;3) copy of Resolution No 1109 of the Cabinet of Ministers of Ukraine <i>‘On Preparation for the Introduction of Conditions of Remuneration for Civil Servants on the Basis of the Classification of Positions’</i> dated 23 October 2025;4) copy of Resolution No 369 of the Cabinet of Ministers of Ukraine <i>‘Some issues of classification of civil service positions’</i> dated 1 April 2025;5) copy of Resolution No 668 of the Cabinet of Ministers of Ukraine <i>‘On Approval of the Procedure for Formation of the Labor Fund of Civil Servants in the State Body’</i> dated 6 June 2025;6) copy of Resolution No 1409 of the Cabinet of Ministers of Ukraine <i>‘The issue of remuneration of civil servants based on the classification of positions in 2025’</i> dated 29 December 2023;

- 7) copy of Resolution No 667 of the Cabinet of Ministers of Ukraine *‘On Amendments to the Resolution of the Cabinet of Ministers of Ukraine dated December 29 2023 No. 1409’* dated 6 June 2025;
- 8) copy of Resolution No 419 of the Cabinet of Ministers of Ukraine *‘Some Issues of Remuneration of Civil Servants of the Apparatus of the Legislative Authority’* dated 11 April 2025;
- 9) copy of Order No 128 of the Chairman of the Verkhovna Rada of Ukraine *‘Catalogue of typical civil service positions in the Secretariat of the Verkhovna Rada of Ukraine’* dated 31 January 2025;
- 10) copy of Resolution No 414 of the Cabinet of Ministers of Ukraine *‘On types, sizes and procedure for providing compensation to citizens in connection with work, which provides access to state secrets’* dated 15 June 1994.

Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 1.1.

The objective of Reform 1 in Chapter 1 (public administration reform) is to introduce a transparent, fair and predictable remuneration system for the civil service, in line with relevant OECD/SIGMA principles of public administration. To this end, the Ukrainian Parliament adopted Law No 4282-IX on 11 March 2025, which was signed by the President of Ukraine on 4 June 2025. The Law entered into force on 1 April 2025, and the relevant secondary legislation was passed by 6 June 2025.

The law establishes a compulsory functional job-classification system for every civil service post across all state bodies. Positions are grouped into families that have a shared functional focus, and each family is split into levels of differing complexity and responsibility.

The Cabinet of Ministers approves a nationwide catalogue of typical civil service positions and the criteria for assigning posts to it, while a binding methodology is issued. All state authorities must use this methodology when mapping their jobs to the catalogue. This classification of jobs is linked directly to pay, as official salary amounts are set on the basis of the catalogue. Each position is benchmarked against equivalent roles in Ukraine’s private sector, and the salary tables are updated annually.

The law also caps the variable component of a civil servant’s pay at 30% of their monthly and annual salary, ensuring that the fixed component will be at least 70% of their monthly and annual salary.

Finally, the law introduces a limit to seniority pay: 2% of a civil servant salary for each calendar year of civil service experience, but not more than 30% of the official salary in total.

These legislative changes have moved Ukraine's civil service remuneration system towards closer alignment with the relevant OECD/SIGMA principles of public administration, in particular Principle 11: 'Public servants are motivated, fairly and competitively paid and have good working conditions'.

This principle stipulates that a public administration should '*promote equal pay for equal work...by determining the basic salary on job classification. It bases allowances and other benefits on objective criteria established in law and ensures that there is no type of discrimination in remuneration.*'

Commission assessment: satisfactorily fulfilled

Step 6.6

Name of the step: Adoption of Roadmap on the separation of public service obligations (PSO) and non-PSO activities

Related reform/investment: Reform 3. Separation of accounts between public service obligations (PSO) and non-PSO activities in state-owned enterprises

Financed from: loan

Context

The requirement for Step 6.6 described in the CID Annex is:

'Adoption and publication of the Roadmap defining the steps for mandatory structural separation of PSO and non-PSO activities for all SOEs engaged in PSOs. The Roadmap is based on the identified current level of adoption of required accounting approaches and include operational steps for the separation of accounts for companies on different stages of implementation of required changes. The Roadmap describes how the account separation between PSO and non-PSO activities will be performed in all top key SOEs approved by the Cabinet of Ministers protocol decision.'

Step 6.6 is the first of three steps in implementing Reform 3 in Chapter 6 (management of public assets). It is followed by Step 6.7 (due in Q3 2025) on the entry into force of the legislative changes identified in the roadmap and Step 6.8 (due in Q4 2027) on the submission of an independent audit report on the structural separation of accounts in SOEs involved in PSOs.

Evidence provided

- 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 Cabinet of Ministers No 308-r '*On Approval of the Action Plan on the Separation of Accounts Between Public Service Obligations and other Activities in State-Owned Enterprises Entrusted with Public Service Obligations*', dated 4 April 2025;
- 3) copy of the '*Action Plan on the Separation of Accounts Between Public Service Obligations and Other Activities in State-owned Enterprises Entrusted with Public Service Obligations*' as an attachment to the Order of the Cabinet of Ministers No 308-r of 4 April 2025 published [here](https://www.kmu.gov.ua/npas/pro-zatverdzhennia-planu-zakhodiv-shchodo-rozmezhuvannia-diialnosti-subiektiv-hospodariuvannia-derzhavnoho-sektoru-ekonomiky-308r-040425): <https://www.kmu.gov.ua/npas/pro-zatverdzhennia-planu-zakhodiv-shchodo-rozmezhuvannia-diialnosti-subiektiv-hospodariuvannia-derzhavnoho-sektoru-ekonomiky-308r-040425>.
- 4) copy of Cabinet of Ministers Decision No 122 '*On the List of Top 33 SOE Retained Under State Property*', dated 29 November 2024.

Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 6.6.

The objective of Reform 3 in Chapter 6 (management of public assets) is to make conditions for competition fairer and further converge with the EU acquis, via a separation of accounts between activities connected to public service obligations (PSOs) from non-PSOs activities in state-owned enterprises (SOEs). To this end, Ukraine's Cabinet of Ministers adopted and published an action plan for the separation of accounts in SOEs engaged in PSOs, in the form of Order No 308-r of 4 April 2025.

The action plan introduces a horizontal definition of PSOs to be applied across SOEs as well as private companies active in different economic sectors, including energy, transport, and postal services. This definition is consistent with the definition of PSOs set in Ukraine's State Ownership Policy, adopted in November 2024, and incorporates the notion of services of general economic interest (SGEIs).

This definition is expected to be transposed into primary law by Q3 2025, as part of the upcoming Ukraine Plan deliverables. Overall, the action plan identifies the legislative changes required to implement account separation, including a legal obligation for SOEs involved in PSOs to separate accounts.

In addition to legislative changes, the action plan outlines specific operational steps for SOEs to separate accounts by 2027. These steps include the requirement for SOEs to analyse revenues, expenses, assets and liabilities associated with PSOs and commercial activities.

Additionally, SOEs must publish on their website a list of the PSOs they are entrusted with. These operational steps apply to all SOEs involved in PSOs, particularly the 33 largest SOEs identified in Cabinet of Ministers Decision No 122 of 29 December 2024.

Commission assessment: satisfactorily fulfilled

Step 7.2

Name of the step: Entry into force of the legislation on preschool education

Related reform/investment: Reform 2. Improved preschool education

Financed from: loan

Context

The requirement for Step 7.2 described in the CID Annex is:

‘Entry into force of the Law of Ukraine “On Preschool Education” in alignment with the Council Recommendation of 22 May 2019 on High-Quality Early Childhood Education. The law focuses on these main areas:

- guarantees of access to preschool education for children of early and preschool age;*
- fair rules for the functioning of educational entities in the market of educational services in the field of preschool education;*
- decent working conditions for employees in the field of preschool education;*
- the rules for the functioning of a flexible and efficient network of preschool education providers.’*

Step 7.2 is the only step in the implementation of Reform 2 in Chapter 7 (human capital).

Evidence provided

- 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 Law of Ukraine No 3788-IX ‘On Preschool Education’, dated 6 June 2024;

- 3) copy of Law of Ukraine No. 4059-IX “*Budget Law 2025*” dated 19 November 2024, amending the date of the entry into force of Law No 3788-IX.

Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 7.2.

The objective of Reform 2 in Chapter 7 (human capital) is to ensure access to quality preschool education with the aim of increasing the involvement of women with preschool children in the labour force. To this end, the Ukrainian parliament adopted Law No 3788-IX on Preschool Education on 6 June 2024. This law, as amended by Article 31(2) of Law No 4059-IX, entered into force on 1 January 2025.

One of the basic principles of the law is accessibility, ensuring that early and preschool education is available to children regardless of their location and income level. Free preschool education will be provided in state and municipal institutions to every child, regardless of status.

To improve accessibility, the law outlines key considerations for the different actors and bodies involved in delivering preschool education, including state authorities, local governments and preschool institution managers. These are linked to territorial accessibility, proximity, and the adequacy of buildings to provide educational services.

The law introduces a general framework to regulate the preschool education system and create a level playing field between different operating bodies by defining the system’s legal, organisational, and economic principles. These new rules apply to all bodies (public and private) providing preschool education services. At central level, the government is required to develop national preschool education standards. At local level, each preschool institution will develop educational programmes that respect and comply with national standards. To monitor the quality of the preschool education system and ensure it complies with national standards, the law establishes an internal and external quality assurance system.

The law improves the working conditions for all employees in the preschool education sector, including provisions governing the relationship between staff and heads of institutions. It regulates working hours with the aim of reducing the workload of teaching staff. In addition, it establishes the possibility for preschool education managers to provide salaries and monetary rewards to their employees, beyond the amounts set centrally.

The law defines clear responsibilities, rights and obligations for preschool educational providers. To promote exchanges and networks, preschool institutions have the possibility to establish joint pedagogical councils, bringing together teaching pedagogical staff from various institutions. The law also promotes and encourages cooperation among preschool education providers in Ukraine and those abroad.

Overall, the law on preschool education is in line with the general principles of the Council Recommendation on High-Quality Early Childhood Education and Care Systems. This includes the law's overall objective of establishing a legal framework to regulate the preschool education in Ukraine, as well as the aim of improving the accessibility, affordability and inclusivity of early childhood education and care services.

Commission assessment: satisfactorily fulfilled

Step 7.11

Name of the step: Adoption of the Strategy for the Development of Ukrainian Culture

Related reform/investment: Reform 9. Improved cultural development

Financed from: loan

Context

The requirement for Step 7.11 described in the CID Annex is:

'Adoption of an Order by the Cabinet of Ministers approving the Strategy for the Development of Ukrainian Culture. The strategy focuses on these main areas:

- preservation, safeguarding, and promotion of cultural heritage and properties of Ukrainian people as an integral part of common European cultural area, preservation of national remembrance;*
- rendering of high-quality and accessible cultural services and opportunities for creative self-realisation of people;*
- capacity building of Ukrainian cultural institutions to enhance accessibility, share best practices of cultural participation, and strengthen international cultural relations;*
- support to creative industries sector as a driver of social innovation and employment, enhancement of institutional capacities of creative industries.'*

Step 7.11 is the only step in the implementation of Reform 9 in Chapter 7 (human capital).

Evidence provided

- 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 of the Cabinet of Ministers No 293-r '*On the Approval of the Strategy for the Development of Culture in Ukraine for 2025-2030*' dated 28 March 2025;
- 3) copy of the '*Strategy for the Development of Culture in Ukraine for 2025-2030*' as an attachment to Resolution No 293-r of 28 March 2025.

Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 7.11.

The objective of Reform 9 in Chapter 7 (human capital) is to promote Ukraine's cultural heritage. To this end, the Strategy for the Development of Ukrainian Culture for the period up to 2030 was adopted through Order No 293-r of 28 March 2025.

The strategy sets out the goals and associated measures for the development of Ukrainian culture by 2030. The strategic goals are: (i) protecting, preserving, and promoting cultural heritage and cultural values of Ukrainian people, (ii) strengthening human capital through upgraded cultural services, (iii) improving the institutional capacity of the cultural and creative industry sectors, and (iv) further integrating Ukrainian culture in European and global cultural processes.

To protect, preserve and promote cultural heritage, the strategy includes measures enhancing cultural heritage management for both tangible (moveable and immoveable) and intangible cultural assets.

Such measures consist of reviewing the regulatory framework for cultural heritage protection, introducing an effective system of loss and risk assessment for cultural property and improving the evacuation process for museum collections in the event of security threats.

Further measures consist of developing modern digital infrastructure to document tangible and intangible cultural heritage, improving restoration methods for immoveable cultural property damaged or destroyed during the hostilities, integrating cultural practices into education to ensure the preservation of national remembrance and introducing educational programmes for cultural heritage practitioners.

To strengthen human capital, the strategy envisages measures improving the quality of cultural services and promoting people's creative self-realisation. Such measures focus on expanding the accessibility to high-quality Ukrainian language cultural services through digital technology, facilitating access to project funding in the creative sector, establishing dedicated training programmes to support creative entrepreneurship and raising awareness about intellectual property rights for creative products.

To improve institutional capacity in the cultural sector, the strategy includes measures reviewing the effectiveness of the management and funding systems of cultural institutions, enhancing their access to digital services, and fostering cross-sectoral partnerships.

The strategy also envisages measures to further integrate Ukrainian culture at European and international level. This includes promoting cooperation with cultural institutions in partner countries through exchange programmes and co-financing of creative products, expanding the presence of Ukrainian creative industry operators in international markets and ensuring Ukraine's active participation in the activities of international organisations in the cultural and creative sectors, for example through the Creative Europe Programme.

Finally, measures to support the creative industries sector include reviewing the professional qualifications system and promoting contemporary art as a driver of social innovation through better access to funding for contemporary art projects at national and local levels.

Measures also focus on improving the capacity, management and funding systems for the main Ukrainian public institutions in the creative sector, such as the Ukrainian State Film Agency and the Ukrainian Book Institute.

Commission assessment: satisfactorily fulfilled

Step 9.4

Name of the step: Entry into force of the legislation for public consultations on public policy with delayed application

Related reform/investment: Reform 2. Increased involvement of citizens to decision making process at local level

Financed from: loan

Context

The requirement for Step 9.4 described in the CID Annex is:

‘Entry into force of the Law of Ukraine “On Public Consultations” with its application within 12 months from the date of termination or abolition of martial law in Ukraine. The Law will launch legal mechanism for public consultations during the formation and implementation of public policy, addressing issues of local importance, which will establish preconditions for coherent, effective, and efficient policy- and decision-making.’

Step 9.4 is the only step in the implementation of Reform 2 in Chapter 9 (decentralisation and regional policy).

Evidence provided

<p>1) summary document duly justifying how the step was satisfactorily fulfilled, in line with the requirements set out in the CID Annex;</p> <p>2) copy of Law of Ukraine No 3841-IX ‘<i>On Public Consultations</i>’, dated 20 June 2024.</p>
<p>Analysis</p> <p>The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 9.4.</p> <p>The objective of Reform 2 in Chapter 9 (decentralisation and regional policy) is to increase citizen involvement and active participation in local decision-making processes. To this end, the law ‘On Public Consultations’ entered into force on 20 June 2024, with its application within 12 months after the date of termination or cancellation of martial law in Ukraine.</p> <p>The law establishes the legal mechanism for public consultations i) for the development, formation and implementation of state policy; ii) for addressing issues of local importance through programme documents; and iii) for the development of legal acts.</p> <p>The law identifies the bodies that are obliged to hold public consultations, the general principles that should govern the process, and the list of exceptions to this obligation.</p> <p>The law further details the procedures that should apply to the conduct of public consultations, including the formats in which they should be held, the minimum timeframes for public participation and the special procedure applying to consultations performed by the Ukrainian Parliament.</p> <p>The law also establishes the requirements for the monitoring, reporting and dissemination of the submissions to and results of a public consultation.</p>
<p>Commission assessment: satisfactorily fulfilled</p>

Step 12.3

<p>Name of the step: Set up of an automated system for public monitoring of land relations</p>
<p>Related reform/investment: Reform 2. Ensuring a functional land market</p>
<p>Financed from: loan</p>
<p>Context</p> <p>The requirement for Step 12.3 described in the CID Annex is:</p>

‘An automated system for public monitoring of land relations has been put into operation, functioning within the framework of maintaining the State Land Cadastre. A geoinformation system for mass land assessment has been put into operation as part of the software of the State Land Cadastre.’

Step 12.3 is the only step in the implementation of Reform 2 in Chapter 12 (agri-food sector).

Evidence provided

- 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 of the Cabinet of Ministers No 474 *‘On Public Monitoring of Land Relations’*, dated 12 May 2023;
- 3) copy of the *‘Procedure for Conducting Public Monitoring of Land Relations and Monitoring of the Land Market as part thereof’* as an attachment to Resolution No 474 of 12 May 2023;
- 4) copy of Order of the State Geocadastre No 120 *‘On approval of the list of data of the results of public monitoring of land relations’*, dated 31 March 2025;
- 5) copy of the *‘List of data on the results of public monitoring of land relations, which are subject to disclosure’* as an attachment to Order No 120 of 31 March 2025;
- 6) hyperlink to the website of the system for the Public Monitoring of Land Relations: <https://monitoring.land.gov.ua/>;
- 7) copy of Resolution of the Cabinet of Ministers No 1078 *“Certain Issues of the Implementation of the Pilot Project on Mass Land Valuation”*, dated 13 October 2023;
- 8) copy of the *‘Procedure for the Implementation of the Pilot Project for Conducting Mass Land Assessment’* as an attachment to Resolution No 1078 of 13 October 2023;
- 9) copy of Order of the State Geocadastre No 121 *‘On the Publication of the Results of the Pilot Project on Mass Evaluation of Lands’*, dated 31 March 2025;
- 10) link and temporary log-in credentials for the website of the ‘Geoinformation System for Mass Land Assessment’ <https://e.land.gov.ua/services>.

Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 12.3.

The objective of Reform 2 in Chapter 12 (agri-food sector) is to improve the functional land market. To this end, an automated system for public monitoring of land relations and a geoinformation system for mass land assessment have been put into operation.

The interaction of both systems with other existing state information systems further improves the control and decision-making mechanisms in the field of land relations. The two systems enable transaction prices for land relations to be determined (purchase, leasing, and subleasing of land) and lay the groundwork for further improving the taxation system in accordance with global real estate taxation practices.

The ‘Procedure for Conducting Public Monitoring of Land Relations and Monitoring of the Land Market as part thereof’ (hereafter the Procedure for Land Monitoring) as approved by the Resolution of the Cabinet of Ministers No 474 ‘On Public Monitoring of Land Relations’ of 12 May 2023 specifies that the automated system for public monitoring of land relations allows for the automated collection, storage, aggregation and publication of information on the state of land relations.

In line with the Procedure for Land Monitoring, the Order of the State Geocadastre No 120 of 31 March 2025 approved a list of data to be published in generalised form (text, graphic, cartographic or tabular) within the software of the automated system for public monitoring of land relations. The system is accessible via the website: <https://monitoring.land.gov.ua/>. The system’s main functionalities are publicly accessible. Registered users are granted additional functionalities.

The automated system for public monitoring of land relations has been put in operation but will be introduced in phases. At the time of the assessment, the system was running in experimental operation phase, operating in real conditions to check the functionalities and identify potential errors or vulnerabilities.

The ‘Procedure for the Implementation of the Pilot Project for Conducting Mass Land Assessment’, as approved by the Resolution of the Cabinet of Ministers No 1078 ‘Certain Issues of the Implementation of the Pilot Project on Mass Land Valuation’, defines the geoinformation system for mass land assessment as a tool for automating the process of conducting and updating land valuations for individual land plots, and to ensure public access to the results. It also requires the geoinformation system to be integrated with the software of the State Land Cadastre.

The Order of the State Geocadastre No 121 ‘On the Publication of the Results of the Pilot Project on Mass Evaluation of Lands’ of 31 March 2025 authorises the publication on the website of the State Geocadastre of the latest mass land valuation results for agricultural

land, based on a regression model. The geoinformation system for mass land assessment can be accessed via the website of State Geocadastre: <https://e.land.gov.ua/services>.

Commission assessment: satisfactorily fulfilled

Step 12.7

Name of the step: Adoption of the long-term plan on the irrigation system

Related reform/investment: Reform 5. Long-term development of the irrigation system to increase climate resilience of the sector

Financed from: loan

Context

The requirement for Step 12.7 described in the CID Annex is:

‘Adoption of the “Long-term plan for the development of the irrigation system.” The plan focuses on these main areas:

- priorities in the irrigation sector based on an analysis of full economic benefits;*
- alignment with the water sector strategy and the water basin-based water management principles;*
- indication of needed public and other investments and the need for further privatisation; - governance/management dimension of the sector;*
- environmental assessment to be carried out for any rehabilitation or construction project in line with EU recommendation on environmental impact assessment, environmental strategic assessment, and Ukraine legislation in this area.’*

Step 12.7 is the only step in the implementation of Reform 5 in Chapter 12 (agri-food sector).

Evidence provided

- 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 Cabinet of Ministers No 280-p ‘*On the Approval of the Long-term Plan for the Development of the Irrigation Complex of Ukraine until 2050*’, dated 25 March 2025;
- 3) copy of the ‘*Long-term Plan for the Development of the Irrigation Complex of Ukraine until 2050*’ as an attachment to Order No. 280-p of 25 March 2025.

Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 12.7.

The objective of Reform 5 in Chapter 12 (agri-food sector) is to ensure long-term planning of irrigation infrastructure in a sustainable way, to foster climate change resilience in the agri-food sector. To this end, the Cabinet of Ministers adopted the Long-term Plan for the Development of the Irrigation Complex of Ukraine until 2050 (hereinafter “the Plan”) through Order No 280-p of 25 March 2025.

The Plan defines the key priorities for the irrigation sector, based on an analysis of its full economic benefits. It sets the direction for developing the irrigation infrastructure by 2050, with objectives and activities for the first implementation phase until 2030. This initial phase will focus on pilot projects in the Odesa, Mykolaiv and Zaporizhzhia oblasts.

The Plan also includes activities to promote sustainable agriculture and mitigate the impact of climate change. It estimates economic benefits from the first phase of implementation in three main areas: UAH 2 371.6 million (approx. EUR 51.3 million) revenue from increased yields on additionally irrigated land; UAH 587.5 million (approx. EUR 12.7 million) in savings from reducing water losses, and UAH 445 million (approx. EUR 9.6 million) in savings from energy savings at pumping stations.

The Plan is aligned with the Water Strategy of Ukraine for the period up to 2050, which was approved by the Cabinet of Ministers in 2022, and basin-based water management principles. The development of irrigation infrastructure will be carried out in accordance with the river basin management plans, ensuring the preservation of water resources.

The Plan highlights the need for public and other investment, and for further privatisation. Implementing the Plan will require investment of UAH 4 644.3 million (approx. EUR 100.5 million). Preliminary estimates of the Plan indicate that a further UAH 24 360.9 million (approx. EUR 527.2 million) will be needed from international financial institutions and private investors to develop the reclamation infrastructure.

The Plan envisages that the main infrastructure facilities will remain under state ownership and be managed by the state, in the public interest. It also envisages that 60% of regional irrigation systems and 100% of local irrigation systems will be transferred to water user organisations or private owners. This will enable farmers to invest independently in irrigation infrastructure. Preparations for the privatisation of pumping stations will be concluded by 2030.

The Plan focuses on improving the governance and management structure of the irrigation sector. Irrigation infrastructure will be managed as a unified, technologically integrated

system, consistent with ecological limits. Water management functions will be separated from irrigation infrastructure functions.

The Plan envisages the establishment of water-user organisations, with a stronger role in the sector's governance. It also includes measures to enhance the capacities of local self-government bodies, local state administrations and agricultural producers in managing irrigation systems and implementing modern technologies in the irrigation sector.

National monitoring of the Plan's implementation will be conducted annually, while a comprehensive review of its goals and priorities will take place every five years.

Environmental assessments will be carried out for rehabilitation or construction projects in line with EU recommendations in the area, as the Plan will be implemented in accordance with the Laws of Ukraine 'On Strategic Environmental Assessment' and 'On Environmental Impact Assessment.'

Commission assessment: satisfactorily fulfilled

Step 13.5

Name of the step: Set up on an upgraded e-cabinet of subsoil users

Related reform/investment: Reform 2. Improved administrative procedures

Financed from: loan

Context

The requirement for Step 13.5 described in the CID Annex is:

'An upgraded e-cabinet of subsoil users with additional functionalities of access to state register of special permits for subsoil use allowing requesting and obtaining e-licenses (extract from the Register) and providing access to digital geological data is operational.'

Step 13.5 is the first of three steps in the implementation of Reform 2 in Chapter 13 (management of critical raw materials). It is followed by Step 13.3 (due by Q2 2025) on the publication of a pipeline of investment projects for extraction of critical raw materials and Step 13.4 (due by Q2 2025) on the launch of Product Sharing Agreement international tenders ensuring their transparency.

Evidence provided

- 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 State Service of Geology and Subsoil of Ukraine No 602 '*On introduction into trial operation of certain components of the Unified State Electronic Geoinformation System for Subsoil Use*', dated on 26 December 2024;
- 3) copy of Order of the State Service of Geology and Subsoil of Ukraine No 109 '*On putting into commercial operation the State Register of Special Permits for Subsoil Use*', dated 1 April 2025;
- 4) copy of the license for the use of software products on which the new components of the Unified State Electronic Geoinformation System are based;
- 5) copy of the certificate of works completion;
- 6) hyperlink to the upgraded e-cabinet: <https://nadra.gov.ua/entrance>.

Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 13.5.

The objective of Reform 2 in Chapter 13 (management of critical raw materials) is to optimise the procedure and reduce the administrative burden for potential investors. The main goal is to improve transparency, speed and cost efficiency for new investment decisions. To this end, the upgraded e-cabinet (the State Register of Special Permits for the Use of Subsoil) has been released for commercial use and made operational through Order of the State Service of Geology and Subsoil of Ukraine No 109. It is accessible on the State Service of Geology and Subsoil of Ukraine's website: [State Geological Portal Electronic Cabinet](#).

The upgraded e-cabinet provides additional functionalities for accessing digital geological data and enables information to be registered on special permits for subsoil use.

The register includes information on the date, validity period, and grounds for issuing a special subsoil use permit, as well as its extensions and amendments. It also outlines the type and purpose of subsoil use, information on the subsoil site, the source of financing for the work to be performed by the subsoil user during subsoil use (public or private funds), special conditions, ownership details, permit approval information and details of the subsoil use agreement or production sharing agreement.

As of 1 April 2025, a special permit for subsoil use is issued electronically (e-licence) as an extract from the register, which is generated through the electronic cabinet of the Unified Geoinformation System, the subsoil user's electronic cabinet, and the electronic cabinets of the Unified Environmental Platform 'EcoSystem'. At the time of the assessment, the information in the extract from the register is up to date.

Commission assessment: satisfactorily fulfilled

Step 14.1

Name of the step: Adoption of the revised Plan for allocation and use of the radio spectrum in Ukraine

Related reform/investment: Reform 1. Secure and efficient digital infrastructure

Financed from: loan

Context

The requirement for Step 14.1 described in the CID Annex is:

'Adoption of the Resolution of the Cabinet of Ministers of Ukraine on amending the Resolution of the Cabinet of Ministers of Ukraine "On Approving the Plan for Allocation and Use of the Radio Spectrum in Ukraine." The Resolution defines the radio technologies that are allowed for use in Ukraine, with the definition of the radio frequency bands and radio services to which they correspond, as well as the terms of termination of their development and use, as well as the list of promising radio technologies for implementation in Ukraine with the definition of the radio frequency bands and radio services to which they correspond, as well as the terms of their implementation in line with the EU acquis.'

Step 14.1 is one of two steps in the implementation of Reform 1 in Chapter 14 (digital transformation). It is implemented in parallel with Step 14.2 (also due in Q1 2025) on the entry into force of the legislation on strengthening the cyber security capabilities of state information resources and critical information infrastructure.

Evidence provided

- 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 of the Cabinet of Ministers No 1253 'On Amendments to the Plan for the Allocation and Use of the Radio Frequency Spectrum in Ukraine', dated 1 November 2024.

Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 14.1.

The objective of Reform 1 in Chapter 14 (digital transformation) is to strengthen cybersecurity in the process of digital transformation. To this end, the Cabinet of Ministers adopted a Resolution that contains a revised Plan for the allocation and use of the radio spectrum. The adopted Resolution amends the Resolution of the Cabinet of Ministers No 1340 *‘On Approving the Plan for Allocation and Use of the Radio Spectrum in Ukraine’*, dated 19 December 2023.

The revised Plan defines the permissible radio technologies for use in Ukraine, specifying the corresponding radio frequency bands and services. It also sets terms for the termination of their development and use, while identifying a list of promising radio technologies along with their associated frequency bands and radio services, thus helping Ukraine improve its telecommunication landscape in line with the EU acquis.

Ukraine’s strategic alignment should foster further innovation in the telecommunications sector. Moreover, the adoption of the amended Plan is crucial for establishing an efficient radio spectrum policy aimed at reducing potential interference, enhancing security and optimising the use of available radio frequencies.

Overall, this Resolution helps Ukraine’s commitment to achieving technological parity with the EU, thereby advancing its digital transformation.

Commission assessment: satisfactorily fulfilled

Step 14.2

Name of the step: Entry into force of the legislation on strengthening the cyber security capabilities of state information resources and critical information infrastructure

Related reform/investment: Reform 1. Secure and efficient digital infrastructure

Financed from: loan

Context

The requirement for Step 14.2 described in the CID Annex is:

‘Entry into force of the respective legislative acts to align with the NIS and NIS2 framework (namely the Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity in the Union,

amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148. The acts focus on these main areas:

- regulate the mandatory implementation of measures aimed at creating an appropriate legal framework for the implementation of measures to prevent, detect, and suppress acts of aggression in cyberspace in the context of the Russian Federation's war against Ukraine;
- increase the level of protection of state information resources and critical information infrastructure against cyberattacks;
- improve the regulatory framework in the field of cybersecurity and information protection to strengthen the capabilities of the national cybersecurity system to counter cyber threats.'

Step 14.2 is the second and last step in the implementation of Reform 1 in Chapter 14 (digital transformation). It is done in parallel with Step 14.1 (also due in Q1 2025) on the adoption of a revised Plan for allocation and use of the radio spectrum in Ukraine.

Evidence provided

- 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 Law of Ukraine No 4336-IX 'On Amendments to Certain Laws of Ukraine on Information Protection and Cyber Defence of State Information Resources, Objects of Critical Information Infrastructure', dated 27 March 2025;
- 3) copy of Resolution of the Cabinet of Ministers No 447 'On Amendments Regarding Cybersecurity of State Information Resources and Critical Information Infrastructure to Certain Resolutions of the Cabinet of Ministers of Ukraine', dated 28 March 2025;
- 4) copy of the Protocol of Intent between the Ministry of Digital Transformation of Ukraine, The State Service of Special Communications and Information Protection of Ukraine and the National Commission for State Regulation of Electronic Communications, Radio Frequency Spectrum and Provision of Postal Services, dated 28 May 2025.

Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 14.2.

The objective of Reform 1 in Chapter 14 (digital transformation) is to strengthen cybersecurity in the process of digital transformation. To this end, the Ukrainian parliament adopted the Law of Ukraine No 4336-IX 'On Amendments to Certain Laws of Ukraine on Information Protection and Cyber Defence of State Information Resources, Objects of

Critical Information Infrastructure’ of 27 March 2025. The Law entered into force on 18 April 2025.

The Law introduces cybersecurity measures, drawing from the principles of *Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148 (NIS 2 Directive)*. The Law should enhance the national cybersecurity system’s overall capacity to address and mitigate cyber threats.

It sets up a resilient and coherent national framework aimed at preventing, detecting and countering cyber aggression in the context of Russia’s invasion of Ukraine. To this end, the Law establishes a national information exchange system on cyber incidents, cyberattacks and cyber threats. The Law provides for identification of key stakeholders such as bodies managing critical infrastructure and state information resources, and the delineation of their obligations.

It also outlines the responsibilities of Computer Security Incident Response Teams (CSIRTs) and competent authorities with respect to the collection, protection and disclosure of relevant information. Furthermore, the Law creates a national cybersecurity incident response system, setting out clear roles and responsibilities at national, sectoral, regional and functional levels, along with procedures to ensure effective coordination among these actors.

The Law aims to reinforce the protection of state information resources and critical information infrastructure from cyberattacks. It mandates the introduction of a vulnerability detection system specifically for information and communication systems (ICS) that manage state information resources or serve critical infrastructure facilities. These measures are designed to support proactive threat identification and remediation across essential technological assets.

The Law introduces a reform of the regulatory regime governing cybersecurity and information protection. The regulatory framework includes requirements for cyber and information protection, along with procedures for implementing security measures in ICS that process either state information or data with restricted access. In addition, the Law sets out general requirements for the professional qualifications and background verification of personnel engaged in cybersecurity functions, particularly those managing sensitive or critical information.

It also mandates the implementation of structured training programmes, regular exercises and targeted briefings for cybersecurity professionals. These capacity-building activities extend to individuals tasked with safeguarding critical infrastructure and those performing senior functions within the state administration, thereby ensuring a high level of preparedness and resilience.

The description of Reform 1 in Chapter 14 (digital transformation) refers also to the adoption of legislative acts that pave the way towards the implementation of the EU's 5G Security Toolbox. To this end, a Protocol of Intent between the competent authorities was adopted on 28 May 2025. The Protocol establishes a structured roadmap to initiate the implementation of the European Commission's 5G cybersecurity recommendations, by identifying and assessing present and emerging risks, aligning national legislation with EU requirements, and engaging in consultations with the European Commission, the European Union Agency for Cybersecurity (ENISA) and Member States.

It mandates the adoption of necessary legislative changes, the designation of high-risk suppliers with corresponding usage restrictions and the issuance of detailed guidelines to electronic communications operators.

Commission assessment: satisfactorily fulfilled

Step 14.3

Name of the step: Adoption of the Action Plan for digitalisation of public services until 2026

Related reform/investment: Reform 2. Digitalisation of public services

Financed from: loan

Context

The requirement for Step 14.3 described in the CID Annex is:

'Adoption of the Ordinance of the Cabinet of Ministers of Ukraine on approving the action plan for digitalisation of public services until 2026. The action plan focuses on these main areas:

- recovery;
- education;
- health care;
- services for veterans;
- military serviceman;
- customs;
- e-social sphere.'

Step 14.3 is the first of two steps in the implementation of Reform 2 in Chapter 14 (digital transformation). It is followed by Step 14.4 (due by Q2 2026) on the entry into force of the legal act supporting electronic identification schemes aligned with the eIDAS Regulation.

Evidence provided

- 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 Ordinance of the Cabinet of Ministers No 263-p ‘*On Approval of the Action Plan for the Transition of Public Services to Electronic Format by 2026*’, dated 21 March 2025.

Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 14.3.

The objective of Reform 2 in Chapter 14 (digital transformation) is to simplify interaction between the state and citizens by digitalising public services. To this end, the Cabinet of Ministers approved an action plan through Ordinance No 263-p of 21 March 2025, which focuses on the following key areas: recovery, education, health care, services for veterans, military servicemen, customs and the e-social sphere. The action plan provides for the transition of certain public services to electronic format in these key areas by 2026.

On recovery, the action plan aims to provide access to information on damages to individuals’ non-property rights, thereby improving efficiency. On education, the plan introduces the electronic issuance of certificates, ensuring secure and accessible recognition of educational achievements. On healthcare, the plan seeks to enhance digitalisation by enforcing good manufacturing practices for medicinal products and enabling the electronic issuance of licences for the production and sale of medicines.

The action plan also focuses on improving services for veterans by facilitating the electronic processing of veteran status and disability pensions. For military servicemen, the plan includes the digital management of benefits, such as housing and pensions.

Additionally, the plan aims to streamline customs procedures through the electronic submission and management of licences and permits.

Finally, in the social sphere, the plan emphasises the digital provision of essential services, such as the online registration and management of housing entitlements.

Commission assessment: satisfactorily fulfilled

Step 15.2

Name of the step: Entry into force of the legislation on the State Climate Policy

Related reform/investment: Reform 2. Climate policy
Financed from: loan
<p>Context</p> <p>The requirement for Step 15.2 described in the CID Annex is:</p> <p><i>‘Entry into force of the Law of Ukraine “On the Basic Principles of State Climate Policy. The law focuses on these main areas:</i></p> <ul style="list-style-type: none"> - <i>goals and basic principles of the state climate policy;</i> - <i>governing bodies in the field of climate change;</i> - <i>strategic planning in the field of climate change;</i> - <i>mechanisms and tools for achieving climate goals;</i> - <i>national framework for tracking the implementation of policies and measures and forecasting in the field of climate change;</i> - <i>scientific and expert council on climate change and preservation of the ozone layer;</i> - <i>national system of inventory of anthropogenic emissions by sources and absorption by sinks of greenhouse gases;</i> - <i>international cooperation in the field of climate change.’</i> <p>Step 15.2 is the first of three steps in the implementation of Reform 2 in Chapter 15 (green transition and environmental protection). It is followed by Step 15.4 (due by Q3 2025) on the adoption of the second Nationally Determined Contribution of Ukraine to the Paris Agreement and Step 15.3 (due by Q4 2025) on the adoption of the Resolution on the Scientific and Expert Council on Climate Change and Preservation of the Ozone Layer.</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 the Law of Ukraine No 3991-IX <i>‘On the Basic Principles of the State Climate Policy’</i>, dated 30 October 2024.
<p>Analysis</p> <p>The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 15.2.</p> <p>The objective of Reform 2 in Chapter 15 (green transition and environmental protection) is to create an architecture for climate governance as well as an appropriate mechanism for developing and implementing state policy in the field of climate change in Ukraine. To this</p>

end, the state climate policy of Ukraine described in Law No 3991-IX defines the key mechanisms and goals for climate governance.

Ukraine's state climate policy aims to achieve climate neutrality by 2050, with an intermediate reduction target of at least 65% in greenhouse gas emissions by 2030 compared to 1990 levels. Medium-term ambitions include reducing anthropogenic greenhouse emissions, increasing renewable energy use, lowering overall energy intensity and advancing low-carbon technologies. Long-term objectives, in accordance with the Paris Agreement, focus on keeping global temperature rise to well below 2 degrees Celsius, and strive for a 1.5 degrees Celsius limit. The guiding principles of Ukraine's state climate policy emphasise gender equality, differentiated responsibility and climate neutrality. Additional key principles include prioritising energy efficiency and implementing the "polluter pays" principle.

The key governing bodies of the state climate policy are the Ukrainian Parliament, the Cabinet of Ministers, and dedicated central executive bodies, such as the scientific and expert council. The Parliament is responsible for defining the basic principles of the state climate policy and exercising parliamentary oversight over its implementation. This includes receiving annual progress reports from the Cabinet of Ministers.

The policy establishes a national system in which central executive authorities annually report on the implementation and outcomes of climate change mitigation and adaptation measures to the Cabinet of Ministers, ensuring alignment with national and international obligations.

The Scientific and Expert Council evaluates these policies for effectiveness and compliance, providing forecasting, while monitoring results are integrated into government reports and used to adjust policies when necessary.

The Cabinet of Ministers is tasked with prioritising and executing the cross-sectoral state climate policy, coordinating efforts among line ministries and issuing legal acts that support the policy, such as Ukraine's contributions to the Paris Agreement.

The central executive bodies are tasked with formulating and implementing state policies in specific areas defined in the state climate policy. The Cabinet of Ministers must update the 'Long-term strategy on low-carbon development of Ukraine' every five years to ensure a dynamic and responsive approach to climate change.

Mechanisms to achieve climate goals include fiscal instruments designed to reduce greenhouse gas emissions, such as taxes, subsidies and incentives for adopting low-carbon technologies. Moreover, specific support mechanisms are established to help businesses lower their greenhouse emissions, involving financial or technical assistance to encourage a transition toward more sustainable operations.

The Scientific and Expert Council assesses state policies against the goals and principles of the state climate policy. It also assesses the effectiveness of fiscal instruments for climate change mitigation.

Ukraine's state climate policy further solidifies the already existing national system for inventorying greenhouse gas emissions and removals from a legal standpoint as a process led by the central executive body for environmental protection, ensuring transparency, accuracy and compliance with international standards.

It mandates annual national reports on emissions and removals, developed and published by this body or an authorised institution, with data contributions from public authorities and businesses.

Commission assessment: satisfactorily fulfilled

Step 15.5

Name of the step: Adoption of the Action Plan for the Establishment of a National Greenhouse Gas Emissions Trading System

Related reform/investment: Reform 3. Market mechanisms of carbon pricing

Financed from: loan

Context

The requirement for Step 15.5 described in the CID Annex is:

'Adoption of the Resolution of the Cabinet of Ministers of Ukraine "On Approval of the Action Plan for the Establishment of a National Greenhouse Gas Emissions Trading System. Adoption of the Action Plan will ensure the definition of:

- *stages of the ETS implementation;*
- *timeframes of the stages;*
- *the necessary infrastructure;*
- *organisational measures.'*

Step 15.5 is the first of two steps in the implementation of Reform 3 in Chapter 15 (green transition and environmental protection). It is followed by Step 15.6 (due by Q2 2025) on the resumption of the compulsory monitoring, reporting and verifying system.

Evidence provided

- 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 Decree of the Cabinet of Ministers No 146-r ‘*On the approval of the action plan for the creation of a national greenhouse gas emissions trading system*’, dated 21 February 2025.

Analysis

The justification and substantive evidence provided by the Ukrainian authorities cover all the constitutive elements of Step 15.5.

The objective of Reform 3 in Chapter 15 (green transition and environmental protection) is to foster the development of market mechanisms for carbon pricing. To this end, the action plan for the “Establishment of a National Greenhouse Gas Emissions Trading System” is a step towards implementing market mechanisms for carbon pricing in Ukraine.

The Action Plan for the Establishment of a National Greenhouse Gas Emissions Trading System in Ukraine outlines two main stages of implementation, each with specific tasks, timeframes, responsibilities and progress updates. The preparatory stage focuses on stakeholder consultations and the development and adoption of necessary legislation, while improving technical infrastructure – particularly the Monitoring, Reporting, and Verification (MRV) system, which is a crucial prerequisite for the Emissions Trading System (ETS).

This stage includes drafting initial legislative ETS proposals to align with EU requirements, while considering national particularities, as well as establishing a glossary of terms, designating a responsible institution for monitoring and identifying an implementing body.

A draft ETS law will be developed between 2025 and 2028, with amendments to MRV regulations occurring from 2025 to 2027. Methodological documents outlining the ETS framework will be prepared between 2026 and 2028. The operational stage entails the system's full functioning, starting no earlier than three years following the termination or cancellation of martial law in Ukraine.

The action plan emphasises the development of essential infrastructure to ensure compliance with EU requirements. This includes ensuring the operational functionality of the MRV system within two years following the termination or cancellation of martial law, which entails obtaining verified data on greenhouse gas emissions from all covered installations.

Additionally, a unified register related to the MRV system will be established between 2025 and 2026. To support these efforts, training programmes will begin in 2026. These infrastructure enhancements aim to facilitate the first operational stage of the ETS in Ukraine by 2028, aligning with broader goals for systematic and efficient emissions management.

The action plan includes several organisational measures to support its implementation. These measures focus on fostering an inclusive and transparent platform for engaging stakeholders, thus ensuring that diverse perspectives and expertise contribute to the system's development. Additionally, the action plan emphasises ongoing collaboration with the EU,

particularly in the context of Ukraine's EU accession process, to align efforts with EU standards and practices.

Commission assessment: satisfactorily fulfilled