



**REPORT**  
**ON IMPLEMENTATION**  
**OF THE ASSOCIATION**  
**AGREEMENT BETWEEN**  
**UKRAINE AND THE**  
**EUROPEAN UNION**  
**FOR 2023**

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## **FOREWORD OF THE DEPUTY PRIME MINISTER FOR EUROPEAN AND EURO-ATLANTIC INTEGRATION OLHA STEFANISHYNA**

For Ukraine, 2023 was a landmark year in its dynamic progress towards the EU membership. It was characterized by active work and important decisions made by both Ukraine and our partners in the EU.

Against the backdrop of a full-scale invasion of Ukraine by Russian Federation, we have continued and will continue our European integration path, as it is one of our key tasks today and civilizational choice of Ukrainian people for the future, which we made 10 years ago when we protested on Maidan and sacrificed our lives for the right to live in a free and democratic world - the European Union.

We strove hard to implement seven recommendations of the European Commission from June 17, 2022. Implemented reforms involved fundamental changes in all spheres of life in our society. Among the main ones are the reform of the main judicial authorities, revised rules for the provision of audio-visual media services, reform of the Constitutional Court of Ukraine, fighting and preventing corruption, countering fraud and money laundering, implementing anti-oligarch legislation, and improving the legal framework on national minorities (communities).

We also proceeded with implementation of the existing legal framework - the EU-Ukraine Association Agreement, which was signed in 2014. As of today, 77% of the overall obligations under this Agreement have been fulfilled, in particular in Ukraine's sectoral integration with the EU, including energy, digitalization, economy, customs, justice, freedom and security.

On June 22, 2023, the European Commission presented an interim oral assessment of Ukraine's implementation of seven recommendations, praised Ukraine's efforts, noting the progress and high dynamics of the European integration reforms in the unprecedentedly difficult conditions of martial law.

In order to boost the momentum of the EU accession negotiations, Ukraine initiated an initial assessment of the state of implementation of the EU acquis into Ukrainian legislation, the so-called self-screening. Over half a year, about 28,000 regulations of the EU acquis were analysed, both the regulations that have already been implemented and those that are yet to be implemented were identified. Undoubtedly, the results of the self-screening will become an important tool in the official screening process by the European Commission. Ukraine was the first country among all EU candidate countries to carry out such work, and moreover, in record time. This initiative was also highly commended by our EU partners.

Throughout 2023, Ukraine and the EU maintained intensive political and sectoral cooperation at the highest, high and expert levels to share experiences and receive the EU's assistance in order to intensify reforms.

Active dialogue at all levels and coordinated actions of Ukrainian authorities and the EU contributed to the publication of the European Commission's Report on Ukraine's Progress under the EU's 2023 Enlargement Package on November 8, 2023. The EC's report was the first to provide full assessment of Ukraine's preparedness to join the EU as a candidate country and noted important progress in implementing 7 recommendations.

On December 14, 2023, at the European Council summit, the EU leaders made a landmark decision to open accession negotiations with Ukraine.

In doing so, the European community has reaffirmed its commitment to welcoming Ukraine into the family of free and democratic countries on the European continent.

We will continue to make every effort to implement important and necessary reforms for the welfare of Ukrainian people and to bring Ukraine closer to the European Union!

**GLORY TO UKRAINE!**  
**GLORY TO THE ARMED FORCES OF UKRAINE!**

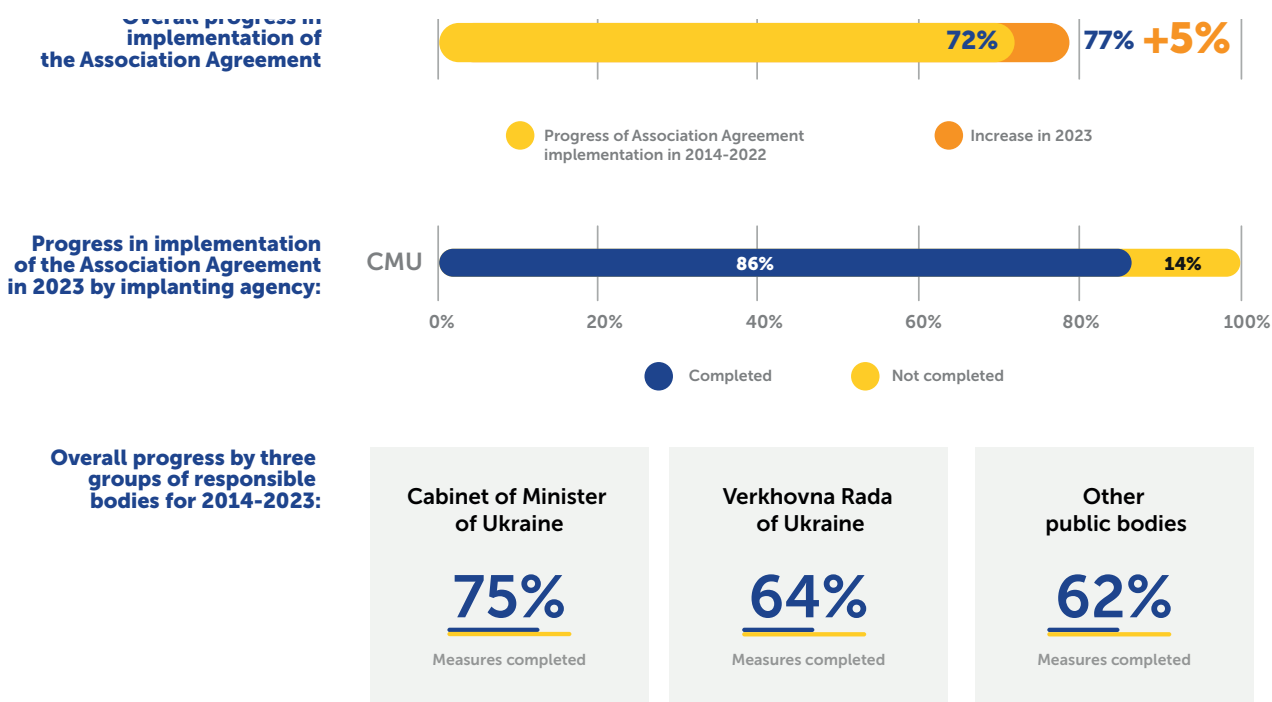
## PROGRESS IN IMPLEMENTING THE ASSOCIATION AGREEMENT IN 2023

Overall progress in the implementation of the Association Agreement between the European Union, the European Atomic Energy Community and their member states, on the one part, and Ukraine on the other part (hereinafter referred to as the Association Agreement) for the period of 2014-2024 increased from 72% in 2022 to 77% in 2023, i.e. by 5%.

In 2023, the progress achieved in the implementation of tasks under the Association Agreement is 88%. At that, the Cabinet of Ministers of Ukraine has completed 86% of its tasks.

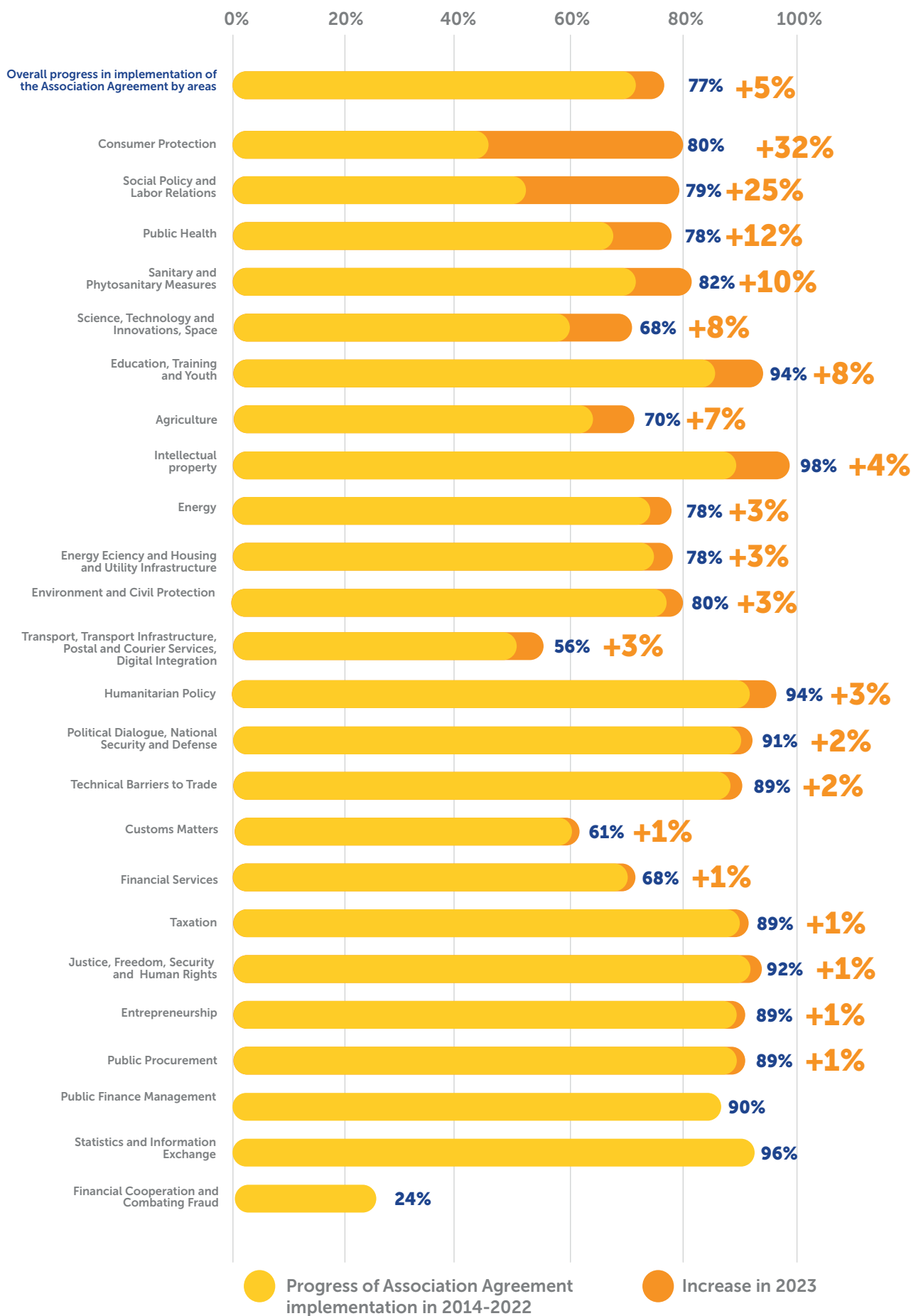
### Overall progress for 2014-2023:

- the Cabinet of Ministers of Ukraine – 75% of the tasks were completed.
- the Verkhovna Rada of Ukraine – 64% of the tasks were completed.
- Other public authorities<sup>1</sup> – 62% of the tasks were completed.



<sup>1</sup> It includes all public authorities that do not belong to the legislative and executive branches of government (for example, the NBU, NABU, SBU, etc.)

# OVERALL PROGRESS IN IMPLEMENTATION OF THE ASSOCIATION AGREEMENT BY AREAS



## SECTION I.

### ON THE PATH TO OPENING NEGOTIATIONS ON UKRAINE'S ACCESSION TO THE EU

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## 7 RECOMMENDATIONS OF THE EUROPEAN COMMISSION IN ACCORDANCE WITH THE EC'S OPINION ON UKRAINE'S APPLICATION FOR THE EU MEMBERSHIP (June 2022)

### EC's Recommendation 1:

Enact and implement legislation on a selection procedure for judges of the Constitutional Court of Ukraine, including a pre-selection process based on evaluation of their integrity and professional skills, in line with Venice Commission recommendations.

**27.07.2023**

the Law of Ukraine No. 3277-IX "On amendments to some legislative acts of Ukraine regarding specification of the provisions on competitive selection of candidates for the position of a judge of the Constitutional Court of Ukraine" was adopted.

**27.09.2023**

the European Commission and the United States Agency for International Development (USAID) submitted joint proposals on two candidates for the Advisory Group of Experts (AGE) members and two candidates for the AGE member deputies, and on September 29, 2023, the Venice Commission submitted a candidate for the AGE member and a candidate for the APE member deputy.

**13.10.2023**

the Cabinet of Ministers of Ukraine appointed the first members of the AGE and elected their deputies to assess candidates for the position of a judge of the Constitutional Court of Ukraine.

Due to this reform, for the first time in the history of Ukraine, the selection of judges of the Constitutional Court of Ukraine will be carried out under a transparent competitive procedure.

### THE RECOMMENDATION HAS BEEN IMPLEMENTED

### EC's Recommendation 2:

Finalise the integrity vetting of the candidates for the High Council of Justice members by the Ethics Council and the selection of candidate to establish the High Qualification Commission of Judges of Ukraine;

The High Council of Justice (HCJ) became fully authorized and started its work. The HCJ consists of 17 members with effective powers, 13 of whom were elected in 2022-2023 based on the results of their vetting by the Ethics Council. Currently, 4 positions of the HCJ members remain vacant (2 - under the quota of the President of Ukraine, 2 - under the quota of the Congress of Ukrainian National Bar Association).

In March 2023, the Selection Panel announced 32 candidates who met the criteria of integrity and professional competence and were recommended by the HCJ for appointment as members of the High Qualification Commission of Judges of Ukraine (hereinafter - HQCJ).



**1.06.2023**

the HCJ appointed 16 members of the HQCJ.

**6.06.2023**

at the organizational meeting of the HQCJ the Head, Deputy Head and Secretaries of the HQCJ Chambers were elected.

Thus, the work of the key body for the formation of the judiciary was unblocked.

## **THE RECOMMENDATION HAS BEEN IMPLEMENTED**

### **EC's Recommendation 3:**

Further strengthen the fight against corruption, in particular at high level, through proactive and efficient investigations, and a credible track record of prosecutions and convictions; complete the appointment of a new head of the Specialised Anti-Corruption Prosecutor's Office through certifying the identified winner of the competition and launch and complete the selection process and appointment for a new Director of the National Anti-Corruption Bureau of Ukraine.

The Deputy Prosecutor General - Head of the Specialised Anti-Corruption Prosecutor's Office was appointed in 2022 following a competitive selection process.

**6.03.2023**

by the Resolution of the Cabinet of Ministers of Ukraine No. 192, Semen Kryvonos was appointed a Director of the National Anti-Corruption Bureau of Ukraine.

### **EC's Recommendation 4:**

Ensure that anti-money laundering legislation is in compliance with the standards of the Financial Action Task Force (FATF); adopt an overarching strategic plan for the reform of the entire law enforcement sector as part of Ukraine's security environment.

**21.03.2023**

the Law of Ukraine "On amendments to the Criminal and Criminal Procedure Codes of Ukraine in connection with the ratification of the Additional Protocol to the Convention of the Council of Europe on Prevention of Terrorism, and to some legislative acts of Ukraine on improving the fight against terrorism" was adopted (entered into force on April 28, 2023).

**28.04.2023**

the Law of Ukraine "On ratification of the Additional Protocol to the Convention of the Council of Europe on Prevention of Terrorism" came into force;

**13.06.2023**

the Cabinet of Ministers of Ukraine adopted Resolution No. 602 "On approval of the procedure for forming the list of foreign stock exchanges (regulated markets) subject to the requirements for disclosure of information on ultimate beneficial owners", which defines the general principles for forming the list of foreign stock exchanges (regulated markets), in particular, the conditions (requirements) and criteria for inclusion of foreign stock exchanges in such a list.

**16.06.2023**

the Cabinet of Ministers of Ukraine adopted Resolution No. 662 "On approval of the supervision procedure over the activities of primary financial monitoring entities, state regulation and supervision of which is carried out by the Ministry of Finance, the Ministry of Justice, the Ministry of Digital Transformation, with regards to preventing and counteracting the legalisation (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction". The Resolution, in particular, defines the procedure for organising, preparing, conducting scheduled on-site/off-site and unscheduled on-site/off-site inspections to monitor observance by the primary financial monitoring entities of the legislation on prevention and counteraction legalisation (laundering) of proceeds of crime, terrorist financing and financing of proliferation of weapons of mass destruction, and documenting the results of such inspections.

**17.10.2023**

Law of Ukraine No. 3419-IX "On amendments to the Law of Ukraine "On prevention and countering the legalisation (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction" regarding politically exposed persons" was adopted (entered into force on October 29, 2023), which established a risk-based approach for persons who held positions of public figures and cancelled the three-year restriction on determining the status of such persons.

**27.12.2023**

the Cabinet of Ministers of Ukraine adopted Resolution No. 1207-r "On approval of the action plan until 2026 aimed at preventing and/or reducing the negative consequences of risks identified by the results of the third national risk assessment in the field of preventing and countering the legalisation (laundering) of proceeds from crime, terrorist financing and financing the proliferation of weapons of mass destruction", which provides for institutional, legislative, organisational and practical improvement of the national system of combating money laundering in line with the international standards.

The following regulations were adopted to improve the mechanism for regulating ultimate beneficial ownership:

- Orders of the Ministry of Justice of Ukraine dated September 13, 2023 No. 2542/5 "On approval of the Procedure for notifying the holder of the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations of discrepancies between the information received by the primary financial monitoring entity as a result of relevant inspection and the information on the ultimate beneficial owners and/or ownership structure of a legal entity contained in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations", dated September 13, 2023, No. 3258/5 "On approval of the Procedure for holding liable and the procedure for setting the amount of fines for violations in the field of state registration of legal entities" and September 14, 2023, No. 3265/5 "On approval of the Procedure for verification of information provided by a legal entity in explanations and documents to confirm information about the ultimate beneficial owner and/or ownership structure of a legal entity";
- Resolution of the Cabinet of Ministers of Ukraine dated September 12, 2023 No. 976 "Some issues of automatic verification of information by means of the Unified State Web Portal of Electronic Services using information from the Unified State Demographic Register, the State Register of Individuals-Taxpayers";
- Resolution of the Cabinet of Ministers of Ukraine and the National Bank of Ukraine No. 1011 dated September 19, 2023 "On approval of the Methodology for determining the ultimate beneficial owner by a legal entity", which defines the principles that govern the process of determining the signs of ultimate control and determining the ultimate beneficial owner by a legal entity, methods of studying the signs of ultimate control over the activities of a legal entity (forms and ways of researching information, analysing factual data in order to find out the signs and means of acquiring/changing ultimate control, sources of finding out data on the presence of signs of ultimate control, identification of the ultimate beneficial owner), cases of actualisation (updating) of information about the ultimate beneficial owner;
- Joint Order of the Ministry of Justice and the Ministry of Finance dated July 11, 2023 No. 2513/5/378 "On approval of the Procedure for the transfer by the holder of the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations of information on discrepancies between information on the ultimate beneficial owners and/or ownership structure of a legal entity received by the primary financial monitoring entity as a result of a relevant inspection of the legal entity and the relevant information in the said register and on the primary financial monitoring entity, which detected such discrepancies, to a specially authorised body" (registered with the Ministry of Justice on July 11, 2023 under No. 1168/40224), which establishes the mechanism of interaction between the Ministry of Justice, which holds the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organisations, and the State Financial Monitoring Service, the procedure for sending information about the primary financial monitoring entity that has detected such discrepancies, the discrepancies identified by it regarding information on the ultimate beneficial owners and the structure of ownership.

Besides, in order to bring the sanctions legislation in line with international standards on combating money laundering and terrorist financing and to ensure the protection of economic and internal interests of Ukraine's national security, territorial integrity, and

financial system of Ukraine from threats arising as a result of the aggression of the Russian Federation, the Government of Ukraine submitted to the Verkhovna Rada of Ukraine on September 19, 2023, the draft Law of Ukraine "On amendments to certain laws of Ukraine regarding adjustment of Ukrainian legislation to certain standards of Financial Action Task Force on Money Laundering (FATF)" (Registration No. 10072).

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

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

A draft Action Plan aimed at implementing the Comprehensive strategic plan was prepared. Developed provisions were presented to the representatives of civil society organisations, discussions of the draft Action Plan with representatives of the relevant committees of the Verkhovna Rada of Ukraine and the Office of the President of Ukraine started, and the text is being finalised and agreed upon, including with due regard to comments provided by international development partners.

## **THE RECOMMENDATION HAS BEEN IMPLEMENTED**

### **EC's Recommendation 5:**

Implement the Anti-Oligarch law to limit the excessive influence of oligarchs in economic, political, and public life; this should be done in a legally sound manner, taking into account the forthcoming opinion of the Venice Commission on the relevant legislation.

**19.09.2023**

the Cabinet of Ministers of Ukraine adopted Resolution No. 827-r "On amendments to the action plan for preventing abuse of excessive influence of persons with significant economic and political weight in public life (oligarchs)". In order to implement the remarks and recommendations of the Venice Commission, the resolution postpones the direct implementation of the Law of Ukraine "On preventing threats to national security associated with excessive influence of persons with significant economic or political influence in public life (oligarchs)", which was supposed to be implemented through the mechanisms of forming and filling in the Register of "oligarchs" and checking the business reputation of the relevant persons.

The action plan for preventing abuse of excessive influence of persons with significant economic and political influence in public life (oligarchs), approved by the Resolution of the Cabinet of Ministers of Ukraine No. 1582-r on November 24, 2021, was analysed. Based on the results of the analysis, the plan was updated, in particular, taking into account the recommendations of the Venice Commission regarding steps to be taken in such areas as public procurement and taxes, transparency in the media, anti-money laundering, and political party financing.

As part of a systematic effort to improve anti-oligarchic legislation:

**9.08.2023**

the Law of Ukraine "On amendments to certain legislative acts of Ukraine regarding improvement of legislation on protection of economic competition and activities of the Antimonopoly Committee of Ukraine" (No. 3295-IX) was adopted. The Law provides for an increased efficiency of the system of development and protection of economic competition, improvement of the state policy in economic competition protection, and strengthening of the institutional capacity of the Antimonopoly Committee of Ukraine.

**23.08.2023**

the Law of Ukraine "On amendments to certain legislative acts of Ukraine regarding minimizing potential oligarchic influence on political parties, improving mechanisms of state financing and state control over the activities of political parties" (No. 3337-IX) was adopted. The law resumes the state control by the National Agency on Corruption Prevention (hereinafter - NACP) over compliance with the legislative restrictions on political parties financing, legitimate and designated use by political parties of funds allocated from the state budget to finance their statutory activities, timely submission of party reports on assets, income, expenses and financial liabilities, completeness of such reports, submission of external independent financial audit report on the activities of parties, compliance of their form with the established requirements, accuracy of the information included therein.

## EC's Recommendation 6:

Tackle the influence of vested interests by adopting a media law that aligns Ukraine's legislation with the EU audio-visual media services directive and empowers the independent media regulator.

The comprehensive Law of Ukraine "On Media" (No. 2849-IX of December 13, 2022) came into force on March 31, 2023. It was developed with the support of the European experts and the public and is aimed at bringing Ukrainian legislation in line with the EU Directive concerning the provision of audio-visual media services (Directive 2010/13/EU) and creating media market in Ukraine operating under European rules.

Another important step towards further implementation of the EU legal framework in this area was the adoption by the Verkhovna Rada of Ukraine on May 30, 2023 of amendments to the advertising legislation, which harmonise the Law of Ukraine "On Advertising" with Directive 2010/13/EU, in particular in terms of implementing the principle of technological neutrality and ensuring full and proper protection of consumer interests, as well as protecting the Ukrainian advertising market from negative external influences. The law also harmonizes the notions of commercial aspects in media, advertising and its forms, "user-generated content" and advertising in it, "product placement" with the Directive 2010/13/EU, and establishes the criteria by which advertising is recognized as falling under the jurisdiction of Ukraine, provides for the introduction of self-regulation and co-regulation in advertising through the adoption of codes (rules) for advertising creation and distribution

### THE RECOMMENDATION HAS BEEN IMPLEMENTED

## EC's Recommendation 7:

Finalise the reform of the legal framework for national minorities currently under preparation as recommended by the Venice Commission, and adopt immediate and effective implementation mechanisms.

**13.12.2022**

the Law of Ukraine "On National Minorities (Communities) of Ukraine" (No. 2827-IX, entered into force on July 01, 2023) was adopted. This framework law is aimed at improving the legal regulation of the rights and freedoms of persons belonging to national minorities (communities) and the legal framework of state policy in protection and ensuring the rights of national minorities (communities) of Ukraine.

**21.09.2023**

the Law of Ukraine "On amendments to the Law of Ukraine "On National Minorities (Communities) of Ukraine" regarding certain issues of exercising the rights and freedoms of persons belonging to national minorities (communities) of Ukraine" (No. 3389-IX, entered into force on November 08, 2023) was adopted. The Law amended the Law of Ukraine "On National Minorities (Communities) of Ukraine" to provide for an updated definition of the term "national minorities (communities)", which is inclusive and in line with the 1995 Framework Convention for the Protection of National Minorities; ensured the possibility of using the languages of national minorities (communities) in advertising, during public, cultural, artistic, entertainment and performance events, emergency assistance, providing assistance and protection to victims of domestic violence, care in a boarding homes for elderly people etc.

In order to implement the provisions of the adopted laws:

- the Concept of the State national and cultural programme "Unity in Diversity" was approved by the Order of the Cabinet of Ministers of Ukraine No. 429-r dated May 12, 2023;
- Taking into account the said Concept, the Cabinet of Ministers of Ukraine approved the State national and cultural programme "Unity in Diversity" until 2034 by the Order of the Cabinet of Ministers of Ukraine No. 850-r dated September 26, 2023;
- The Resolution of the Cabinet of Ministers of Ukraine No. 769 of July 25, 2023 amended the Competition procedure for funding programs (projects, events) developed by civil society institutions. This opened up the opportunity for public associations of national minorities (communities) to participate in the competition for financial support for the implementation of programmes (projects, events) at the expense of the State Budget of Ukraine and local budgets;
- Resolution of the Cabinet of Ministers of Ukraine No. 891 of August 22, 2023 amended paragraph 12 of the Annex to the Resolution of the Cabinet of Ministers of Ukraine No. 710 of October 11, 2016, which formed the basis for financing the above programme, in particular at the expense of the state budget during the legal regime of martial law in Ukraine;
- the Order of the State Service of Ukraine for Ethnic Policy and Freedom of Conscience of October 2, 2023, No. H-86/12 resolved the issue of functioning of the Council of Public Associations of National Minorities (Communities) of Ukraine and approved the Regulation on the Council as a standing advisory body to the State Service;
- in 2023, the Law of Ukraine No. 2145-VIII "On Education" (hereinafter - Law No. 2145-VIII) was updated, in particular, to define approaches to numerous national minorities and indigenous people of Ukraine to ensure their right to study in their native language or learn their native language at different levels of education.

In addition, the transitional provisions of Law No. 2145-VIII (clause 19 of part three of Section XII) currently stipulate that persons belonging to national minorities of Ukraine whose languages are official languages of the European Union and who started general

secondary education before September 1, 2018 in the language of the respective national minority of Ukraine, until completion of full general secondary education, have the right to continue such education in accordance with the rules in force before the entry into force of this Law.

#### **4 ADDITIONAL STEPS RECOMMENDED BY THE EUROPEAN COMMISSION'S REPORT ON UKRAINE'S PROGRESS UNDER THE 2023 ENLARGEMENT PACKAGE**

On November 8, 2023, the European Commission published a Report on Ukraine's progress under the 2023 Enlargement Package with the recommendation to launch negotiations on Ukraine's accession to the European Union. In the Report, the EC recognised that Ukraine had fully implemented the tasks of reforming the judiciary, the Constitutional Court of Ukraine, the media and anti-money laundering legislation.

At the same time, the European Commission's document lists additional requirements for Ukraine to receive the green light to start negotiations in March 2024. In three areas - fighting corruption, improving anti-oligarch legislation, and the issue of national minorities (communities) - the EC proposed that Ukrainian Party take four additional legislative steps as part of further work on the recommendations provided in June 2022.

##### **Step 1 – Adopt of the government's draft law on increasing the number of NABU staff.**

On December 8, 2023, the Law of Ukraine No. 3502-IX "On amendments to the Law of Ukraine "On the National Anti-Corruption Bureau of Ukraine" regarding strengthening the institutional capacity of the National Anti-Corruption Bureau of Ukraine" was adopted.

The law provides for an increase in the maximum number of the NABU staff from 700 to 1,000, including an increase in the number of senior staff from 500 to 750.

Given the limited funding opportunities under the martial law, the Law provides for a phased competition to fill additional vacant NABU positions: in 2024 - for 100 positions; in 2025 - for 100 positions; in 2026 - for 100 positions.

#### **THE RECOMMENDATION HAS BEEN IMPLEMENTED**

##### **Step 2 – Remove from the Law of Ukraine "On prevention of corruption" the provisions that limit the NACP's powers to conduct inspections.**

On October 12, 2023, the Law of Ukraine No. 3384-IX "On amendments to certain laws of Ukraine regarding declarations submission under martial law by persons authorised to perform state or local self-government functions" came into force. It resumed property declarations and the NACP's functions to verify them, in particular financial control mechanisms, including full inspections, and opened the Register of Declarations with due regard of security aspects. In particular, it provides for a mechanism that will allow the declarations of certain categories of persons to be removed from public access before the opening of the Register of Declarations to ensure their security.

Also, the Law of Ukraine dated December 8, 2023 No. 3503-IX "On amendments to



the Law of Ukraine “On prevention of corruption” regarding bringing certain provisions in line with the conclusions of the European Commission on Ukraine” enshrines new provisions directly in pursuance of the recommendations of the European Commission, in particular: “full verification of a declaration is carried out in respect of the objects of declaration not covered by the full verification of the declarations of the relevant declarant for previous periods, except when the NAPC has received new information about the object under verification or when there are new sources of information that were not known or available to the NAPC during the previous full verification”.

### **THE RECOMMENDATION HAS BEEN IMPLEMENTED**

#### **Step 3 – Adopt law(s) to implement the recommendations of the Venice Commission on laws on national minorities, the state language, media and education.**

On December 8, 2023, the Law of Ukraine No. 3504-IX “On amendments to certain laws of Ukraine regarding the consideration of the expert opinion of the Council of Europe and its bodies on the rights of national minorities (communities) in certain areas” was adopted, which amended the following laws of Ukraine: “On Local Self-Government in Ukraine”; “On Higher Education”; “On Education”; “On ensuring the functioning of Ukrainian language as the state language”; “On complete general secondary education”; “On national minorities (communities) of Ukraine”.

Law of Ukraine No. 3504-IX takes into account the main recommendations of the Venice Commission on further improvement of legislation on the rights of persons belonging to national minorities (communities), and expands the provisions that take into account the need to ensure the development and functioning of the Ukrainian language in all spheres of public life throughout the country.

### **THE RECOMMENDATION HAS BEEN IMPLEMENTED**

#### **Step 4 Adopt the Law of Ukraine “On lobbying” in line with the European standards.**

On December 13, 2023, the Government submitted the Draft Law of Ukraine “On Fair Lobbying” to the Verkhovna Rada of Ukraine (Reg. No. 10337). The Law provides for setting the legal framework for lobbying in Ukraine in accordance with international practices and standards, regulates the interaction of public officials and local self-government officials with stakeholders and lobbying actors, and establishes transparent mechanisms for monitoring these activities by creating a Transparency Register.

The Government has also submitted to the Verkhovna Rada a draft Law of Ukraine “On amendments to the Code of Ukraine on Administrative Offences regarding violation of legislation in the field of lobbying” (Registration No. 10373). The draft law provides for the regulation of liability in case of non-compliance with the requirements of lobbying legislation, termination of the violation and setting liability for it.

In March 2024, Ukrainian Party expects a positive assessment by the European Commission of Ukraine’s implementation of additional recommended steps within the framework of the EC’s recommendations on Ukraine’s membership application.

## SECTION II.

### ACTIVITIES OF BILATERAL BODIES OF THE ASSOCIATION AND HIGH-LEVEL DIALOGUE BETWEEN UKRAINE AND THE EU

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## THE EU-UKRAINE BILATERAL BODIES OF ASSOCIATION

In accordance with Section VII “Institutional, general and final provisions” of the EU-Ukraine Association Agreement, the Parties hold regular meetings of the Bilateral Bodies of Association.

During 2023, the Parties held a number of joint meetings within the framework of subcommittees of the EU-Ukraine Association Committee, including the EU-Ukraine Association Committee in Trade Configuration and Dialogue. A wide range of sectoral issues were discussed during the meetings.

The Subcommittee on Economic and Sectoral Cooperation of the EU-Ukraine Association Committee works on a cluster basis. The following events were held in 2023:

### **8th meeting of Cluster 3 (Energy Cooperation, including nuclear issues, environment, including climate change and civil protection, transport) January 25-26, 2023, videoconference Brussels - Kyiv**

#### Key results:

- The EU Party was informed about the devastating attacks of the Russian Federation on segments of Ukraine’s energy and gas infrastructure and the risks posed to the nuclear sector by Russia’s occupation of Zaporizhzhya NPP.
- Nuclear and energy security issues, the state of synchronisation of Ukraine’s electricity sector with the EU market, renewable energy reform and energy efficiency of buildings were discussed.
- Information on the EU’s transport initiatives under the European Green Deal, the extent of environmental damage caused by the military aggression of the Russian Federation against Ukraine, and the state of Ukraine’s implementation of its commitments under the Paris Climate Agreement, including the revision of the Long-term strategy and plans to implement the updated Nationally Determined Contribution of Ukraine and the development of the National Energy and Climate Change Plan, was updated.
- Special attention was paid to cooperation between Ukraine and the EU in risk management in the process of emergency response and civil protection.

### **6th meeting of Cluster 2 (Industrial and entrepreneurial policy, mining and metallurgy, tourism, space, legislation on companies and corporate governance, consumer protection, taxation) February 15, 2023, videoconference Kyiv - Brussels**

#### Key results:

- The EU Party prepared and handed over a list of the EU acquis binding on Ukraine in the areas of industrial and entrepreneurial policy, company and corporate governance legislation, etc.
- Priorities for supporting entrepreneurship and revitalising businesses affected by the hostilities were outlined in order to restore the economy and create the preconditions for overcoming the consequences of the armed aggression of the Russian Federation.

- The parties agreed to continue cooperation in the space industry on such areas as Copernicus, EGNOS, and Horizon-Europe.
- The parties agreed on further joint steps to develop cooperation, in particular in view of Ukraine's EU candidate status.

### 8th meeting of the Human Rights Dialogue, April 26, 2023, Kyiv (in a mixed format)

#### Key results:

- The Parties discussed violations of human rights and humanitarian law in the context of Russia's full-scale invasion and aggressive war, such as arbitrary killings, detentions, enforced disappearances, torture and ill-treatment of detainees, war-related sexual and gender-based violence, "filtration", and penal colonies in the temporarily occupied territories of Ukraine. Special emphasis was placed on the issue of deportation of Ukrainian civilians (especially children) to the Russian Federation and the temporarily occupied territories of Ukraine.
- During the dialogue, the EU and Ukraine expressed their commitment to ensuring full accountability for war crimes and other crimes committed in connection with Russia's war against Ukraine, including through the establishment of a special tribunal. They also focused on sanctions and the use of frozen Russian assets for Ukraine's recovery and reparations.
- The EU acknowledged Ukraine's efforts to fulfil the accession criteria, in particular the stability of institutions guaranteeing democracy, rule of law, and human rights, despite the ongoing war. Specific areas included law enforcement reform, prevention of torture and ill-treatment, labour rights, freedom of expression, association and assembly, elections and the electoral system, rights of people with disabilities and persons belonging to ethnic, linguistic, religious and national minorities, LGBTI rights, gender equality, women's rights and children's rights.

### 8th meeting of the Subcommittee on freedom, security and justice of the EU–Ukraine Association Committee, April 27, 2023, Kyiv (in mixed format)

#### Key results:

- Ukrainian Party presented the latest information on justice reform, including main results of the judicial reform, and the concept of reforming legal education in Ukraine as one of the parts of the comprehensive reform of Ukrainian justice system. Representatives of the European Party emphasized the importance of judicial reform in the context of implementing the recommendations set out in the Opinion of the European Commission on Ukraine's application for membership in the European Union.
- The state of corruption prevention and counteraction was discussed, including the approval of the Anti-Corruption Strategy for 2021-2025 and the State Anti-Corruption Program for 2023-2025.
- The EU Party was informed of the development of legal cooperation in civil matters, the state of international cooperation in criminal proceedings with the EU member states, in particular, on the consideration of extradition requests.

- Ukrainian Party highlighted the state of prevention and fight against organized crime and other crimes. Particular attention was paid to the issues of cooperation with Europol, in particular, cooperation within the framework of the Europol Analysis Project Core International Crimes. Information on cooperation with the European Union Agency for Law Enforcement Training (CEPOL) was provided.
- Ukrainian Party informed about the implementation of measures based on the results of the Fifth Round Mutual Evaluation of Ukraine's national system of anti-money laundering (legalization), countering terrorist financing and financing of the proliferation of weapons of mass destruction by the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and Financing of Terrorism (MONEYVAL Committee).
- Border management, migration and asylum issues were discussed.

**7th meeting of Cluster 1 (Macroeconomic cooperation, public finance management: budget policy, internal control and external audit, statistics, accounting and audit, countering fraud), May 23, 2023, videoconference Brussels - Kyiv**

During the event, the following issues were discussed:

- mobilization of tax revenues to ease financial constraints and support the reconstruction of Ukraine and the social needs of citizens;
- corporate governance reform of state-owned enterprises and privatization issues;
- the impact of the war on financial stability and the situation with state-owned banks;
- recent developments in financial sector regulation in Ukraine and the implementation of financial sector reform in the context of the war;
- implementation of the public finance management strategy;
- state internal control, including internal audit;
- public investment management;
- external audit;
- changes in the preparation and publication of statistical data in the context of war; progress in the implementation of the Statistics chapter of the EU-Ukraine Association Agreement;
- the state of implementation of the anti-fraud provisions of the EU-Ukraine Association Agreement.
- The EU Party acknowledged the appropriate level of bilateral cooperation in the above-mentioned areas, noted the progress made by Ukrainian Party in reforming the above-mentioned areas, and expressed hope for further implementation of large-scale reforms in Ukraine.

**8th meeting of Cluster 4 (Science and technology, information society, audiovisual policy, education, training and youth, culture, cooperation in sport and physical culture), June 09, 2023, videoconference Kyiv - Brussels**

**Key results:**

- The Parties discussed current state of Ukrainian education in the context of a full-scale war, priority tasks to ensure the safety and sustainability of learning and teaching, overcoming educational losses and gaps, the status of the implementation of the reform of complete general secondary education “New Ukrainian School”, the course of the admission campaign to higher education institutions; measures taken to support the culture and creative industries sector, freedom of speech, media and protection of journalists’ rights, support for public broadcasting under martial law; and also information on measures for gradual approximation to the EU law in audiovisual policy, information on measures and projects to introduce effective mechanisms to counter information threats was presented.
- Ukraine’s participation in the EU’s educational and research programs, including expanding opportunities in the field of education and youth for Ukrainian participants of Erasmus+, associated participation in the EU Framework Program for Research and Innovation Horizon Europe, Euratom, Creative Europe, Digital Europe and Connecting Europe Facility.
- The issues of intensifying cooperation with the EU through Ukraine’s participation in the European Commission’s initiatives and programs, including nominating representatives to participate in working groups and events within the Strategic Framework for the European Education Area, joining the Eurydice educational information network, and opening the Horizon Europe Office in Ukraine were discussed.

**8th meeting of Cluster 5 (Agriculture and rural development, fisheries and marine policy, Danube region, cross-border and regional cooperation), December 06, 2023, videoconference Kyiv - Brussels**

**Key results:**

- The Parties agreed to continue cooperation on the development and implementation of the Strategy for the Development of Agriculture and Rural Areas until 2030, and to further extend the functionality of the State Agrarian Register to provide financial support to farmers and agricultural producers from the EU and international donors.
- The issues of Ukrainian regions recovery and development, in particular within the framework of the European Commission’s New European Bauhaus Compass initiative, were considered.
- It was agreed to finalize and approve the methodology of Smart Specializations, and to complete the process of forming the National Smart Specialization Team.
- The Parties discussed deepening cooperation within the framework of the Interreg and Interreg NEXT programs, the EU Strategy for the Development of the Danube Region, and the preparation of a separate Ukraine-Moldova cross-border cooperation program.

## 8th Meeting of the EU-Ukraine Association Committee in Trade Configuration, November 29-30, 2023, Brussels - Kyiv (in mixed format)

The Parties noted that the updated Priority Action Plan for Enhanced Implementation of the Free Trade Agreement for 2023-2024 is an ideal example of how the trade part of the Association Agreement allows to simultaneously create more opportunities for mutual trade and ensure full compliance with the requirements for Ukraine's membership in the EU.

### Key results:

- Further steps towards the conclusion of the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) were identified.
- Joint Decision of the EU-Ukraine Association Committee in Trade Configuration on the positive assessment of the implementation of Phase 1 and Phase 2 of Annex XXI-A to Chapter 8 of the Association Agreement between the European Union, the European Atomic Energy Community and their Member States, of the one party, and Ukraine of the other party, was adopted.
- Ukrainian Party emphasized the importance of further trade liberalization, in particular the extension of the validity period of the Regulation (EU) 2023/1077 of the European Parliament and of the Council of May 31, 2023 on temporary trade liberalization measures, to support Ukraine's economy.

## 6th meeting of the Subcommittee on Trade and Sustainable Development, March 09, 2023, videoconference Kyiv - Brussels

### Key results:

The participants discussed, in particular, the results of activities related to the application of Chapter 13 "Trade and Sustainable Development" of Title IV "Trade and Trade-Related Matters" of the Association Agreement, and environmental recovery through drawing up a roadmap of environmental damage caused by full-scale Russian military aggression.

## 6th meeting of the EU-Ukraine High Level Dialogue on Horizontal and Industrial Issues, May 25-26, 2023, video conference Kyiv - Brussels

### Key results:

During the meeting, Ukrainian Party emphasized that since the beginning of the full-scale military aggression of the Russian Federation, Ukrainian industry has suffered significantly due to the shutdown of enterprises in the combat zones and incurred significant losses. Therefore, the issue of maintaining and restoring the operations of domestic industrial enterprises is of critical importance and is a priority. The Parties during the event discussed:

- the state of Ukrainian industry, in particular mining and metallurgy, in the context of the military aggression of the Russian Federation against Ukraine and outlined ways of further cooperation to restore the industry with the engagement and support of the EU institutions;
- the status and further steps towards the conclusion of the ACAA Agreement, as well as topical issues of cooperation in public procurement;

- issues of support and recovery of small and medium-sized domestic industrial enterprises.

### 20th meeting of the EU-Ukraine Dialogue on Intellectual Property Rights, October 19, 2023, videoconference Brussels - Kyiv

#### Key results:

The Parties discussed the progress of the reform and development of legislation in the field of intellectual property, implementation of intellectual property rights and collective management of rights during martial law, as well as:

- establishment of Intellectual Property High Court and copyright reform;
- activities of law enforcement and customs authorities;
- international cooperation and the EU's technical assistance.

### 7th meeting of the Subcommittee on Geographical Indications, November 28, 2023, videoconference Kyiv – Brussels

#### Key results:

- Ukrainian Party emphasized that the improvement of the national system of legal protection of intellectual property and its harmonization with the EU standards, even in the context of the aggressive war of the Russian Federation against Ukraine, remains a constant priority.
- The Parties discussed technical issues related to the proposed geographical indications, emphasized the importance of the EU Party's recognition of the submitted Ukrainian geographical indications and called on the EU Party to engage in dialogue, comments, consultations and find constructive solutions to update Annexes XXII-C and XXII-D of the Association Agreement.

### 7th meeting of the Subcommittee on Customs Cooperation, November 28, 2023, videoconference Kyiv - Brussels

#### Key results:

- The EU Party was informed of changes in the customs legislation of Ukraine, focusing on the regulations adopted in the framework of European integration. Particular attention of the European colleagues was drawn to the work on the implementation of the provisions of the Union Customs Code into Ukrainian legislation.
- Progress was noted in updating the draft decision of the EU-Ukraine Subcommittee on Customs Cooperation regarding amendments to Protocol I, which provides for the introduction, from December 1, 2023, at the bilateral level of modernized (alternative) rules of origin of the Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin along with the current rules of origin of the Convention.
- The Parties noted the progress in development of the Authorized Economic Operator (AEO) institution in Ukraine. The EU representatives noted the effectiveness and active work of the State Customs Service in this area.



- The EU Party was informed of the results of the 1st year of implementation of common transit procedure, accession to the Convention on Common Transit Procedure and the Convention on Simplification of Formalities in Trade in Goods. The EU Party was informed about the steps taken by the State Customs Service to expand the application of the procedure among Ukrainian companies engaged in foreign economic activity.
- Ukrainian Party informed about the progress in introduction of the exchange of preliminary customs information, in particular, the implementation of a pilot project on the exchange of preliminary information with Romania, and expressed hope that such a practice of information exchange would be extended to other sections of the border between Ukraine and the EU neighboring countries.
- The high level and effectiveness of cooperation with customs administrations on mutual administrative assistance, as well as with OLAF on combating customs fraud, was noted.

### 8th meeting of Subcommittee on Management of Sanitary and Phytosanitary Measures, November 29, 2023, in a mixed format Brussels - Kyiv

#### Key results:

- Ukrainian Party informed about adopted regulations on animal welfare and noted that the plan for harmonization of Ukrainian legislation with EU requirements in terms of sanitary and phytosanitary measures is completed by 81%.
- Progress was made on Ukraine's application for access to the EU pork market.
- Ukrainian Party emphasized the importance of implementation of the Information Management System for Official Controls (IMSOC) and its system components, in particular, the TRACES system, which will reduce and speed up mandatory procedures at the state border for Ukrainian exporters to the EU.
- The European Commission has noted the very high level of TRACES implementation in Ukraine, with 8,000 certificates issued since June 2023. The pilot project has been implemented in 3 regions, and in 2024, the system is expected to be expanded to the whole country.

## THE EU-UKRAINE HIGH-LEVEL DIALOGUE

In 2023, Ukraine continued to implement a set of measures aimed at strengthening its dialogue with the EU. The following events, held in early February in Kyiv, were important in this context:

- A meeting between the Government of Ukraine and the EU College of Commissioners (February 2), which launched a new, in-depth format of the EU-Ukraine cooperation at the level of the EC and the Government of Ukraine. The Agreement between Ukraine and the European Union on Ukraine's participation in the EU's Single Market program (2021-2027) was signed. This Agreement entered into force on July 31, 2023 (the program budget is EUR 4.2 billion; the goal is to develop competitiveness and support the integration of Ukrainian small and medium-sized enterprises into

the EU internal market), and Memorandum of Understanding between the EU and Ukraine on a Strategic Partnership on Biomethane, Hydrogen and other Synthetic Gases was signed.

- The 24th EU-Ukraine Summit (February 3), which outlined a long-term roadmap for our country's dialogue with the EU, in particular in sectoral cooperation. The main topics of the summit were intensification of military and political support for Ukraine, and further steps towards Ukraine's integration into the EU. A Joint Statement was adopted as a result of the Summit.

The meeting of the EU Foreign Affairs Council held in Kyiv on October 2, 2023 was an important event. This was a notable example of the political dialogue between Ukraine and the EU reaching a qualitatively new level. This was the first time in history that the Council met outside the current EU borders. This demonstrated unprecedented support for Ukraine and the level of its proximity to the EU. The key discussed topics were the following:

- continuing and increasing defense support for Ukraine;
- providing security guarantees to Ukraine;
- adoption of the 12th sanctions package against Russia;
- prospects for the European Council's decision to open negotiations on Ukraine's accession to the EU by the end of 2023.

## SECTION III.

### THE EU'S ASSISTANCE TO UKRAINE

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## COOPERATION IN THE FRAMEWORK OF MACRO-FINANCIAL ASSISTANCE PROGRAMS

**14.12.2022**

the European Parliament and the Council of the European Union adopted a Regulation establishing an Instrument for providing support to Ukraine for 2023 (macro-financial assistance +) for up to EUR 18 billion.

The adoption of this document opened up an opportunity for Ukraine to receive loans on preferential terms in the amount of up to **EUR 18 billion** in 2023 under a new large-scale macro-financial assistance program.

In early 2023, Ukraine and the EU signed a Memorandum of Understanding between Ukraine as Borrower and the European Union as Lender (Instrument for providing support to Ukraine for 2023 (macro-financial assistance +) for up to EUR 18 billion) and a Loan Agreement between Ukraine as Borrower and the National Bank of Ukraine as Borrower's Agent and the European Union as a Lender (macro-financial assistance + for Ukraine) (MFA-IX)).

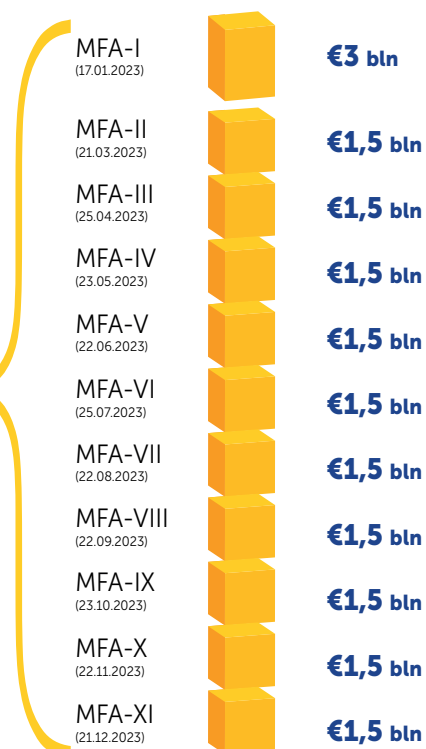
During 2023, the Ministry of Finance held bilateral discussions with the European Commission on the status of Ukraine's fulfillment of its obligations under the MFA-IX and the extent of progress made.

Prior to the disbursement of each tranche of the MFA-IX, the Ministry of Finance prepared and sent to the European Commission requests for confirmation of compliance (containing detailed information on the progress made by Ukrainian Party in fulfilling its obligations under the MFA-IX) and requests for disbursement (containing financial terms of borrowing acceptable to Ukrainian Party).

**Based on the results of the work done (as part of the implementation of the mentioned international agreements), in 2023 Ukraine received eleven tranches of the MFA for a total amount of**

**€18 bln**

All loan funds mentioned above were credited to the Treasury account at the NBU in the respective periods and used to finance the most urgent state budget expenditures, thus contributing to the overall financial stability of Ukraine.



## THE EU FINANCIAL AND TECHNICAL ASSISTANCE

In 2023, Ukraine joined the following EU programs: EU4Health; Digital Europe (2021-2027); Fiscalis; the EU Customs Program; Single Market (2021-2027); the EU Civil Protection Mechanism; Connecting Europe Facility.

Also, (1) the authority was granted to sign the Agreement between Ukraine and the European Union on Ukraine's participation in the EU Justice Program and the Agreement between Ukraine and the European Union on Ukraine's participation in the EU Citizens, Equality, Rights and Values Program and (2) the work on the draft Agreement on Ukraine's participation in the EU Anti-Fraud Program was finalized.

In addition, agreements were signed between Ukraine and the EU on the implementation of the Interreg (Interreg VI-B) NEXT Black Sea Basin Program, the Interreg (Interreg VI-A) NEXT Romania-Ukraine Program, the Interreg (Interreg VI-A) NEXT Poland-Ukraine Program, (Interreg VI-A) NEXT Hungary-Slovakia-Romania-Ukraine Program, and the Danube Regional Program (Interreg VI-B).

## INTERNATIONAL AGREEMENTS ON ATTRACTING INTERNATIONAL TECHNICAL ASSISTANCE FROM THE EU SIGNED IN 2023:

- Supplementary Agreement No. 2 (in the form of an exchange of letters) between the Government of Ukraine and the European Commission, acting on behalf of the European Union, to the Funding Agreement for the EU Emergency Support Program for Ukraine (NDICI-GEO-NEAR/2022/ACT-60748)<sup>1</sup>.

**Objective:** changes in redistribution of the indicative budget funds allocated for grants, procurement and indirect management with authorized organizations, which will allow the EU to quickly procure LED lamps to save energy in Ukraine and provide housing for internally displaced persons.

- Supplementary Agreement No. 2 (in the form of an exchange of letters) between the Government of Ukraine and the European Commission, acting on behalf of the European Union, to the Funding Agreement for the 2020 Technical Cooperation Program<sup>2</sup>.

**Objective:** to extend the period of implementation of the Agreement on Funding the Measure "Technical Cooperation Program 2020", to update the activities carried out under the said program and indicative budget allocation in connection with ongoing Russian aggression against Ukraine in order to further fund the EU projects aimed at harmonizing legislation in the following areas: transport, finance, media, healthcare, small and medium-sized businesses and competitiveness, public procurement.

- Agreement between Ukraine, of the one party, and the European Union, of the other party, on Ukraine's participation in the EU Connecting Europe Programme

<sup>1</sup> Order of the Cabinet of Ministers of Ukraine dated February 24, 2023 No. 180-r.

<sup>2</sup> Order of the Cabinet of Ministers of Ukraine dated May 2, 2023, No. 415-r.

**Objective:** : to build, develop and modernise trans-European networks in transport, energy and digital sectors and to promote cross-border cooperation in renewable energy, taking into account long-term decarbonisation commitments and the objectives of increasing European competitiveness.

- Supplementary Agreement No. 2 (in the form of an exchange of letters) between the Government of Ukraine and the European Commission, acting on behalf of the European Union, to the Funding Agreement for the action “Mechanism for the Development of Civil Society in Ukraine”<sup>3</sup>.

**Objective:** to extend the period of implementation of the Agreement for 1 year and redistribute funding directions within the indicative budget between grants and procurement for the effective implementation of ongoing and planned projects.

- Supplementary Agreement No. 2 (in the form of an exchange of letters) between the Government of Ukraine and the European Commission, acting on behalf of the European Union, to the Funding Agreement for the 2018 Technical Cooperation Programme<sup>4</sup>.

**Objective:** to extend the implementation period of the Agreement for 2 years to complete the funding of projects aimed at supporting Ukraine in strengthening the institutional capacity of Ukrainian authorities to implement the EU acquis into Ukrainian legislation and to ensure the implementation of the provisions of the Association Agreement in the areas of environment, sanitary and phytosanitary control, and accounting.

- Supplementary Agreement No. 3 (in the form of an exchange of letters) between the Government of Ukraine and the European Commission, acting on behalf of the European Union, to the Funding Agreement for 2017 Technical Cooperation Programme<sup>5</sup>.

**Objective:** to extend the period of implementation of the Agreement for 1 year to complete the funding of projects aimed at harmonising Ukrainian legislation with EU acquis in the areas of healthcare and subsoil use.

- Supplementary Agreement No. 2 (in the form of an exchange of letters) between the Government of Ukraine and the European Commission, acting on behalf of the European Union, to the Funding Agreement for the action the EU Support for e-Governance and Digital Economy in Ukraine (ENI/2019/042-007)<sup>6</sup>.

**Objective:** to extend the term of the Agreement for 2 years.

- Funding Agreement for the EU’s Support for Recovery and Reform (budget 335 million euros)<sup>7</sup>.

**Objective:** assistance will be provided in five priority areas, namely: resilient, sustainable and integrated economy, accountable institutions, rule of law and security, environmental protection and climate change resilience, sustainable digital transformation, and sustainable, gender-equal, fair and inclusive society).

<sup>3</sup> Order of the Cabinet of Ministers of Ukraine dated June 9, 2023 No. 520-r.

<sup>4</sup> Order of the Cabinet of Ministers of Ukraine dated August 29, 2023 No. 760-r.

<sup>5</sup> Order of the Cabinet of Ministers of Ukraine dated September 22, 2023 No. 587-r.

<sup>6</sup> Order of the Cabinet of Ministers of Ukraine dated September 29, 2023, No. 877-r.

<sup>7</sup> Order of the Cabinet of Ministers of Ukraine dated October 31, 2023 No. 997-r.

- Funding Agreement for the action Support to Ukraine’s Fast Recovery (State and Resilience Building Contract) (budget EUR 250 million)<sup>8</sup>.

**Objective:** assistance will be provided to carry out critical repairs of transport infrastructure and support the uninterrupted production of agricultural and food products, providing working capital to agricultural enterprises to ensure the functioning of agricultural raw materials and food supply chains in the short and medium term).

## FINANCIAL ASSISTANCE FROM INTERNATIONAL FINANCIAL ORGANIZATIONS

In 2023, the following international agreements with the European Bank for Reconstruction and Development (EBRD) and KfW were concluded and/or entered into force:

**09.06.2023**

the Guarantee Agreement (Ukraine Railways Emergency Support Project) between Ukraine and the EBRD and the Loan Agreement between the EBRD and JSC “Ukrzaliznytsia” were concluded (entered into force on December 6, 2023), which will allow JSC “Ukrzaliznytsia” to attract EBRD loan in the amount of EUR 200 million, of which up to EUR 100 million will be used to finance the urgent capital needs of JSC “Ukrzaliznytsia”, including the procurement of rails, fasteners, switches and other materials necessary for the repair of TEN-T and other railway corridors with the European Union, as well as the procurement of rolling stock, and up to EUR 100 million for liquidity to ensure stable and uninterrupted freight and passenger rail transportation;

**15.12.2023**

the Guarantee Agreement (Special Capital Support Project for NPC Ukrenergo) between Ukraine and the EBRD and the Loan Agreement between the EBRD and NPC Ukrenergo (entered into force on January 15, 2024), under which EUR 150 million was attracted to support the capital structure, liquidity and stability of NPC Ukrenergo, including financing of critical operating expenses, and procurement of electricity and ancillary services to balance electricity production and consumption;

**29.12.2023**

the Guarantee Agreement between the Cabinet of Ministers of Ukraine (the “Guarantor”) and KfW, Frankfurt am Main (the “KfW”) under the project “Improvement of the efficiency of electricity transmission (integration of Ukrainian integrated power system into the European integrated power system) III” and the Loan Agreement between KfW and NPC Ukrenergo for the amount of EUR 24 million were signed to finance the integration of Ukrainian integrated power system into the European integrated power system and related activities.

<sup>8</sup> Order of the Cabinet of Ministers of Ukraine dated November 7, 2023 No. 1015-r.

Also in 2023, Ukraine became a full member of the Council of Europe Development Bank (hereinafter referred to as the CEB), which allows it to use all available financial instruments of the Bank, including project and programme lending, cross-sectoral lending, the EU co-funding mechanism, public sector funding mechanism and public-private partnership funding. In addition, EBRD can provide funding for eligible sectors of activity in the form of loans and grants, and provide guarantees for such funding.



## SECTION IV.

### RESULTS OF THE IMPLEMENTATION OF THE ASSOCIATION AGREEMENT IN 2023

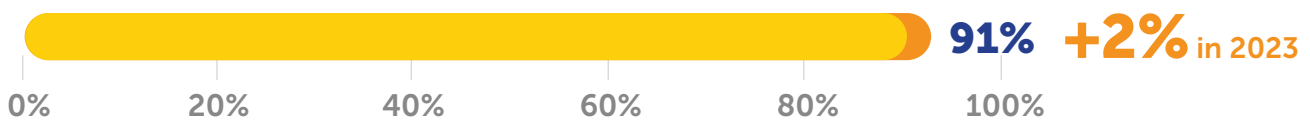
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## POLITICAL DIALOGUE, NATIONAL SECURITY AND DEFENSE



### POLITICAL DIALOGUE

2023 was characterised by an unprecedentedly high level of political dialogue between Ukraine and the EU at all levels. There were about 20 contacts at the level of the President of Ukraine and the President of the European Council, the President of the European Commission, and Prime Minister of Ukraine Dmytro Shmyhal and Deputy Prime Minister for European and Euro-Atlantic Integration Olha Stefanishyna, and Minister of Foreign Affairs of Ukraine Dmytro Kuleba with high-ranking EU officials on topical issues of the EU-Ukraine agenda. The President of Ukraine took part in the meetings of the European Council, the EU College of Commissioners and the EU Foreign Affairs Council.

Visits of the EU leaders to our country, in particular, three visits of the President of the European Commission Ursula von der Leyen and two visits of the President of the European Council Charles Michel, and three visits of the EU High Representative for Foreign Affairs and Security Policy Josep Borrell, were important signals of support for Ukraine's sovereignty and territorial integrity.

In 2023, contacts in the parliamentary domain intensified. Among the most important events were the speech of the President of Ukraine V. Zelenskyy to the European Parliament (hereinafter - the EP), the launch of a new format of cooperation between the Verkhovna Rada of Ukraine and the EP, where cooperation between relevant Committees was established, and an updated Memorandum of Understanding between the Verkhovna Rada of Ukraine and the EP on a common framework for supporting parliamentary democracy in the context of Ukraine's recovery and the EU membership was signed. A number of contacts took place at the highest level: the President of Ukraine V. Zelenskyy, Speaker of the Verkhovna Rada of Ukraine R. Stefanchuk, Head of the Office of the President of Ukraine A. Yermak, and Minister of Foreign Affairs D. Kuleba met with President of the European Parliament R. Metsola.

A number of MEPs visited Ukraine, including in the format of party visits by groups leadership (EPP, S&D), special missions of DROI (Subcommittee on Human Rights) and REGI (Committee on Regional Development) committees, informal groups of friends, and individual visits. Inter-parliamentary dialogue took place within the framework of established inter-parliamentary contacts (PAC, Euronest, Jean Monnet Dialogues). The level of communication at the informal level increased.

The European Parliament adopted 8 resolutions directly related to Ukraine or Russian aggression against our country.

Convergence in foreign and security policy of Ukraine with the EU, in particular by joining the relevant EU statements, including those on restrictive measures, is a prerequisite in the context of our state's strategic course towards the EU membership. In 2023, the convergence rate in this area is 89%.

## SANCTIONS AGAINST RUSSIA

In 2023, the EU adopted three (10th, 11th, 12th) packages of restrictive measures against Russia, and decision to extend a number of sectoral sanctions similar to those imposed on Russia to Belarus, and restrictive measures against Iran, including the inclusion in the sanctions list of individuals and companies that manufacture and supply drones and other military supplies to Russia. The sanctions regime against former Ukrainian high-ranking officials involved in the misappropriation of state assets was maintained and strengthened.

The EU also extended sanctions against Russia for the occupation of part of Ukraine for another 12 months, until February 24, 2025.

In 2023, efforts were made to support the development of an international mechanism for the confiscation of frozen assets of the Russian Federation to finance the reconstruction of Ukraine. On December 12, 2023, Vice-President of the European Commission, High Representative of the European Union J. Borrell presented a draft document amending Directive 2014/512/CFSP of July 31, 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine. The amendments were initiated in connection with the EC's initiative to prepare a Directive on the use of sovereign Russian assets frozen in the EU for the recovery of Ukraine. The Directive shall regulate the use of excess proceeds from freezing the assets of the Central Bank of Russia, in particular, a ban on any operations related to the management of reserves and assets of the Central Bank of Russia.

In May 2023, the International Register of Damage Caused by the Aggression of the Russian Federation was established (43 states and the EU have become members of the Register of Damage to date). Ukraine, together with the member states of the Register of Damage, is taking a number of measures (administrative, organizational, on organizing infrastructure, hiring staff, developing rules of operation of the Register of Damage, accepting applications, categorizing damage, etc.) to operationalize the register.

## MILITARY-POLITICAL DIALOGUE

In 2023, the scope of the EU-Ukraine military-political dialogue was expanded to include such formats as the Ministry of Defence of Ukraine – the EU Political and Security Committee, Ministry of Defence of Ukraine – the EU Military Committee, Ministry of Defence of Ukraine – the EU Military Staff, Ministry of Defence of Ukraine - Council of Foreign and Defence Ministers (Jumbo format).

In 2023, nearly 40,000 Ukrainian military personnel were trained under the EU CSDP Military Assistance Mission in support of Ukraine, EUMAM Ukraine. The EU member states plan to increase the number of troops trained under the Mission by 20,000 (up to 60,000 in total), which will be achieved by the end of summer 2024.

At the initiative of Ukrainian Party, in September 2023, the EU High Representative J. Borrell confirmed the readiness of the EU Party to include personnel and units of the National Guard of Ukraine, the State Border Guard Service of Ukraine, the National Police of Ukraine, and some units of the Security Service of Ukraine in the training within EUMAM Ukraine.

On November 28, 2023, in order to continue the EU's support for capacity building of the Armed Forces of Ukraine (hereinafter referred to as the AFU), based on the needs of

Ukrainian Party and taking into account the increase in volume, the EU Council decided to allocate additional funding (from the European Peace Facility) in the amount of EUR 194 million to support the training of the AFU servicemen within the framework of EUMAM.

In order to improve Ukraine's defence capabilities, cooperation with the EU was expanded within the framework of the European Peace Facility (hereinafter - the EPF). The issue of providing the Armed Forces of Ukraine with material and technical assistance, lethal and non-lethal assistance was actively considered with the involvement of the EPF resources. The seventh package of financial assistance in the amount of EUR 500 million was approved for the needs of the Armed Forces of Ukraine. As of today, the total amount of assistance to Ukraine under the EPF is EUR 5.6 billion.

The issue of establishing a separate segment within the EPF to ensure sustainable and predictable financing of Ukraine's military needs over the next four years in the amount of EUR 20 billion (EUR 5 billion per year, respectively) was discussed. The procedure for approving the relevant decision at the level of the EU member states will continue in 2024.

On September 29, 2023, the first International Defence Industries Forum was held in Kyiv, bringing together 252 companies from more than 30 countries producing a full range of weapons, military equipment and defence systems. As a result of the Forum, the Defence Industries Alliance was established with the participation of 59 companies from 23 countries. The Alliance is open for our partners to join.

The EU institutions are in the process of developing a new European Defence Industries Strategy. This Strategy shall outline the European Union's plans in this area in the medium term and provide support to European companies in increasing production to continue the course of "providing Ukraine with everything it needs" and replenishing the EU member states' own reserves.

On March 20, 2023, during a meeting of the EU Foreign Affairs Council with the participation of the EU Defence Ministers, a joint approach (three areas) to accelerate the supply of artillery ammunition to Ukraine and replenish the EU Member States' own stocks of such ammunition was approved as presented earlier by the EU High Representative for Foreign Affairs and Security Policy, J. Borrell.

At this stage, the plan envisages the supply of 1 million artillery ammunitions over the next 12 months for the needs of Ukrainian Armed Forces by allocating additional resources from the European Peace Facility (2 billion euros).

## **PUBLIC ADMINISTRATION REFORM**

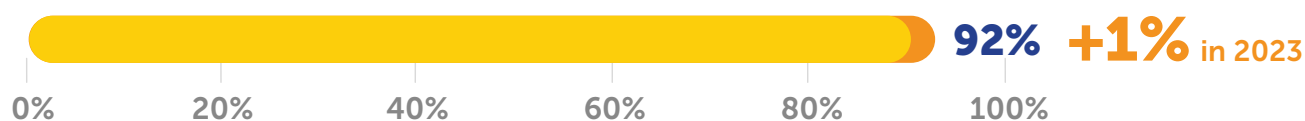
On May 2, 2023, the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On service in local self-government bodies" (No. 3077-IX), which comes into force six months after its publication, but not earlier than six months after the termination or cancellation of martial law in Ukraine.

The Law is aimed at establishing new legal and organisational principles of service in local self-government bodies as a professional and politically impartial activity, improving the mechanism for exercising the right of equal access to service in local self-government bodies by Ukrainian citizens, clarifying the classification of positions in local self-government bodies, which will improve the remuneration conditions of local self-government officials, and bringing them in line with the requirements of budget legislation and the new system of administrative and territorial structure.

At the same time, the Verkhovna Rada of Ukraine is considering the Draft Law of Ukraine "On amendments to the Law of Ukraine "On civil service" regarding the improvement of the procedure for entering, serving and terminating civil service" (Reg. No. 6496), which was developed to improve the procedure for entering, serving and terminating civil service, optimise the results of competitive selection for civil service positions, and improve the procedure for applying disciplinary sanctions.

As part of the implementation of the Human Resource Management Information System (HRMIS) in government agencies, as of the end of 2023, 762 government agencies were connected to the system and 39,665 employee cards were entered to the system. 834 agreements were signed with government agencies on granting access (connection) to the HRMIS in government agencies.

## JUSTICE, FREEDOM, SECURITY AND HUMAN RIGHTS



### FIGHTING CORRUPTION

In 2023, Ukraine demonstrated improvements in fighting corruption in the global Corruption Perceptions Index conducted by anti-corruption organisation Transparency International, gaining 36 scores and ranking 104th out of 180 countries. The three-point improvement is recognised as one of the best results in the world. This demonstrates the recognition of the efforts made by our country in the fight against corruption.

On March 4, 2023, the Cabinet of Ministers approved the State Anti-Corruption Programme (SAP) for 2023-2025 to implement the Anti-Corruption Strategy (Resolution No. 220 of March 4, 2023). The purpose of the programme is to strengthen institutional mechanisms for preventing and fighting corruption, eliminate corrupt practices in various sectors and promote integrity based on OECD recommendations.

The SAP envisages more than 1,700 measures in 15 areas to reduce corruption and ensure integrity, including: judiciary, defence, law enforcement, state regulation of the economy, customs and taxation, urban development and land management, corporate governance of state-owned enterprises, education, healthcare, social protection, etc. Other priorities include guaranteeing inevitability of liability for corruption and improving the effectiveness of the anti-corruption system. The NACP launched an information system for SAP implementation monitoring on its website, which provides key information on the results of the implementation of Ukraine's anti-corruption policy (<https://dap.nazk.gov.ua>).

In September 2023, the NACP launched the Unified Whistle-blower Reporting Portal (<https://whistleblowers.nazk.gov.ua/#/>). This resource allows citizens to report corruption or corruption-related offences and other violations of the Law of Ukraine "On prevention of corruption".

In addition to these digital tools, which ensure transparency and accountability of state processes, the following are also in place:

- The Register of Political Party Reports,
- Global Beneficial Owners Register,
- Prozorro e-procurement system.

#### Appointment of the NABU Director and institutional strengthening of the agency

У березні 2023 р. за підсумками прозорого конкурсного відбору відповідно до In March 2023, following a transparent competitive selection process in accordance with the recommendations of the European Commission, the Head of the National Anti-Corruption Bureau of Ukraine was appointed.

On December 8, 2023, the Law of Ukraine No. 3502-IX "On amendments to the Law of Ukraine "On the National Anti-Corruption Bureau of Ukraine" regarding strengthening the institutional capacity of the National Anti-Corruption Bureau of Ukraine" was adopted. The law provides for a gradual increase in the staff of the National Bureau from 700 to 1,000 people over 3 years. Thus, it is envisaged that through a phased competition to fill additional vacant positions, the number of employees will increase by 100 people annually during 2024-2026.

### **Renewal of declaration**

Laws of Ukraine No. 3384-IX and No. 3503-IX reintroduced mandatory declaration of income and expenditures by public officials and opened the Unified State Register of Declarations of Persons Authorised to Perform State or Local Government Functions, subject to restrictions imposed by martial law.

### **Strengthening the independence of the Specialised Anti-Corruption Prosecutor's Office**

On December 8, 2023, the Verkhovna Rada of Ukraine adopted the Law of Ukraine No. 3509-IX "On amendments to the Criminal Procedure Code of Ukraine and other legislative acts of Ukraine regarding strengthening the independence of the Specialised Anti-Corruption Prosecutor's Office". The Law withdraws the Specialised Anti-Corruption Prosecutor's Office (hereinafter referred to as the SAPO) from the Prosecutor General's subordination and establishes it as a separate legal entity under public law. The SAPO's head appoints prosecutors independently without the approval of the Prosecutor General on the results of relevant competitions. SAPO establishes such units as internal control, document management, classified work, human resources management, etc. separately from the structure of the Office of the Prosecutor General (hereinafter referred to as the OPG), which are subordinate to the SAPO. Also, the Deputy Prosecutor General - Head of the SAPO (the person performing his/her duties) reports directly to the Prosecutor General, but the Prosecutor General's powers over the SAPO are limited to issuing orders on its establishment, and on the appointment of members of the competition commission and the commission for external independent assessment.

Pursuant to the Law, the Prosecutor General's Order No. 334 of December 25, 2023 established a working group on implementation of legislative requirements to strengthen the SAPO's independence.

Measures are being taken to ensure the fun.

### **Selection of the NACP Head**

On October 13, 2023, the Cabinet of Ministers of Ukraine approved the composition of the Selection Panel for the selection of the NACP Head, which included members nominated by international donors who have provided international technical assistance to Ukraine in the field of preventing and fighting corruption over the past two years, as well as members nominated by the Cabinet of Ministers.

On November 13, 2023, the competition for the position of the NACP Head was announced. Applications were accepted until December 22, 2023. All received applications were checked for compliance with the formal requirements set out in Article 5 of the Law of Ukraine "On prevention of corruption". After that, the candidates who met the formal requirements underwent personal integrity checks, passed a number of tests and completed a list of tasks.

## **Resumption of financial reporting by political parties**

On December 26, 2023, the Law of Ukraine “On amendments to certain legislative acts of Ukraine on improvement of state financing and control over the activities of political parties” No. 3337-IX dated August 23, 2023 came into force. The law provides for the resumption of reporting by political parties after a nearly four-year break, and the renewal of the NACP’s obligation to verify reports.

In December 2023, the NACP, with the support of the International Foundation for Electoral Systems (IFES) and the National Democratic Institute (NDI), held an online information seminar to train political parties.

The parliamentary parties have to submit their reports for 2020-2022 by March 26, 2024, and other parties - by April 26, 2024.

## **E-platform**

Work on Ukraine’s accession to the updated electronic Platform for the collection of data on the fight against organised crime and corruption in the enlargement countries has started.

The OPG was appointed as the national coordinator of the relevant work of the Ukrainian Party.

Two information sessions were held for representatives of law enforcement agencies that will be proposed for verification by the European Commission as data providers on the E-platform.

## **Results of joint activities of anti-corruption agencies**

The joint active counteraction of NABU and SAPO to corruption has found its concrete expression in numbers.

In 2023, SAPO prosecutors provided procedural guidance in 1,609 criminal proceedings, while NABU brought charges against a number of high-ranking officials, including 8 MPs and 12 deputies of local councils of all levels, 1 minister and 6 deputy ministers, 9 judges, including 4 judges of the Kyiv Court of Appeal, 5 heads of executive authorities and their deputies, 2 prosecutors, and 69 other persons (company owners, lawyers, etc.).

In the course of pre-trial investigations, 257 people were notified of suspicion of committing criminal offences. In 100 criminal proceedings, indictments against 238 people were submitted to court, and 64 people were convicted.

Out of the total number of indictments sent to court: 1 indictment was against 21 members of an organised criminal group; and indictments against 9 MPs, 9 judges, 1 prosecutor; 6 indictments against 7 members of the Cabinet of Ministers of Ukraine and their deputies.

In addition, in 2023, with the participation of SAPO prosecutors, the courts delivered 63 guilty verdicts against 87 people.

The economic impact of NABU’s and SAPO’s activities in the second half of 2023 is more than UAH 3 billion, and almost UAH 4.7 billion for the whole year. This is the highest figure in the history of the anti-corruption institutions, which is more than three times higher than NABU’s annual budget.



The total amount of assets in NABU and SAPO cases transferred to the army over the past year is almost UAH 1.1 billion.

In total, as of December 31, 2023, UAH 9.1 billion has been reimbursed to the state in the cases of NABU and SAPO.

**As part of the advanced training of officials on corruption prevention and detection:**

- 21,934 people were trained at the Higher School of Public Administration and regional training centres, including: 14,814 civil servants, 7,120 local government officials;
- the Leadership Ethics course was launched at Kyiv School of Public Administration.

There is ongoing communication with the European Commission on the state of the fight against corruption, in particular, the Government Office for Coordination of European and Euro-Atlantic Integration provided the EU with information summarised from the anti-corruption bodies' materials on the work of anti-corruption bodies in 2020-2021 and 2022-2023.

## IMPROVEMENT OF ANTI-DISCRIMINATION LEGISLATION

The Verkhovna Rada of Ukraine is currently considering European integration draft laws:

- "On amendments to certain legislative acts of Ukraine (regarding harmonisation of legislation on prevention and combating discrimination with the EU acquis)" (Reg. No. 0931);
- "On amendments to certain legislative acts of Ukraine regarding improvement of the mechanism for preventing and combating domestic violence and gender-based violence in connection with the ratification of the Council of Europe Convention on preventing and combating violence against women and domestic violence (Istanbul Convention)" (Reg. No. 10249);
- "On amendments to the Code of Ukraine on Administrative Offences and the Criminal Code of Ukraine regarding combating discrimination" (Reg. No. 5488), aimed at distinguishing between criminal and administrative liability for discrimination, harmonising the conceptual framework in terms of qualifying various forms and manifestations of intolerance, and strengthening the role of the Ukrainian Parliament Commissioner for Human Rights;
- "On amendments to the Disciplinary Statute of the National Police of Ukraine regarding the settlement of the issue of prevention of gender discrimination and sexual harassment in the workplace" (Reg. No. 9340).

Another equally important draft law is the draft law "On the institute of registered partnerships" (Reg. No. 9103), which aims to address the problem of non-recognition of LGBTIQ partnerships in Ukraine. The draft law takes into account the ruling of the European Court of Human Rights of June 1, 2023 in the case of Maimulakhin and Markiv v. Ukraine, in which the Court found that the unjustified denial of legal recognition and protection of any form to applicants from Ukraine, compared to different-sex couples, constitutes discrimination against applicants on the basis of their sexual orientation.

The Cabinet of Ministers of Ukraine:

- approved the Action Plan for the Implementation of the Concept of Gender Equality Communication, which aims to promote among various audiences the elimination of stereotypes about gender roles and to form intolerance to all forms of discrimination (Order No. 79-r of January 27, 2023).
- Approved the National Strategy for overcoming the gender pay gap until 2030 and the operational plan for its implementation for 2023-2025 (Order No. 815-r of 15 September 2023). The National Strategy aims not only to modernise labour legislation to ensure equal pay, but also to change the fundamental mindset of citizens.

On December 22, 2023, the Cabinet of Ministers of Ukraine adopted Resolution No. 1197-r "On approval of the action plan for 2024-2025 to implement the Strategy for promoting the rights and opportunities for Roma national minority members in Ukrainian society until 2030". The Action Plan provides for the promotion of comprehensive improvement of the situation of the Roma community in Ukrainian society in the following strategic areas: updating and detailing statistical information on the Roma national minority of Ukraine; ensuring legal protection and combating discrimination; expanding access to quality education; expanding access to healthcare services; improving the quality of housing and living conditions; ensuring employment and increasing the level of employment; ensuring social protection; supporting the cultural and linguistic identity of the Roma national minority in Ukraine.

## LEGAL COOPERATION

In the context of the implementation of Article 24(2) of the Association Agreement on the development of further judicial cooperation between Ukraine and the EU in civil cases on the basis of relevant multilateral legal instruments:

- the Verkhovna Rada of Ukraine registered the draft Law of Ukraine "On amendments to certain legislative acts of Ukraine to ensure Ukraine's implementation of the Convention on the Civil Aspects of International Child Abduction" (Reg. No. 10176);
- On August 1, 2023, the 2005 Convention on Choice of Court Agreements entered into force for Ukraine;
- On September 1, 2023, the Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters of 2019 entered into force for Ukraine;
- The ratification of the Council of Europe Convention against Trafficking in Human Organs and the Council of Europe Convention on Offences Relating to Cultural Property is in progress.

## ROME STATUTE

On March 3, 2023, the Cabinet of Ministers of Ukraine approved the Agreement between the Cabinet of Ministers of Ukraine and the International Criminal Court on the establishment of the Office of the International Criminal Court in Ukraine, which created legal grounds for the identification, criminal prosecution and trial of the perpetrators and co-perpetrators of

acts committed on the territory of Ukraine since November 21, 2013, in accordance with Article 12(3) of the Rome Statute.

As of today, cooperation with the International Criminal Court (ICC) is carried out on the basis of Ukraine's declaration of recognition of the ICC's jurisdiction and Section IX-2 of the Criminal Procedure Code of Ukraine "Specifics of Cooperation with the International Criminal Court".

Since the beginning of the full investigation by the ICC Prosecutor's Office and as of the end of 2023, the OPG has received 83 requests for assistance and has satisfied 73 of them.

On March 17, 2023, the ICC Pre-Trial Chamber issued arrest warrants for two individuals in the context of the situation in Ukraine: Vladimir Putin and Maria Lvova-Belova.

The opening of the ICC Office in Ukraine on September 14, 2023, which became the largest representative office outside of The Hague, is important for effective investigations by the ICC Prosecutor's Office.

In 2023:

- The OPG actively cooperated with foreign experts seconded by the Office of the Prosecutor of the International Criminal Court;
- additional inspections of the crime scenes were organised and ensured with the involvement of experts from the ICC Prosecutor's Office, using drones and photographic equipment to create 3-D models of objects damaged or destroyed in Ukraine as a result of attacks by missiles and drones of the Russian Federation.

## JUDICIAL REFORM

On December 30, 2023, the Law of Ukraine "On amendments to the Law of Ukraine "On the Judiciary and the Status of Judges" and certain legislative acts of Ukraine regarding improvement of judicial career procedures" No. 3511-IX dated December 9, 2023, came into force, which optimised the duration of judicial career procedures.

The next selection of judicial candidates is scheduled to be announced in 2024.

Among the results of the activities of the High Qualification Commission of Judges of Ukraine, which resumed its work on June 1, 2023, are the following:

In August 2023, a new composition of the Public Integrity Council was elected. The meeting on the formation of the Public Integrity Council was attended by representatives of public associations that for at least the last two years have been engaged in activities aimed at fighting corruption, protecting human rights, supporting institutional reforms, including implementing projects in these areas (in accordance with the requirements of the Law of Ukraine "On the Judiciary and the Status of Judges").

On November 13, 2023, the Commission resumed the qualification assessment of judges for their competency to hold their positions. A total of 1,884 judges of local and appeal courts from all over Ukraine are subject to this assessment. 109 people will start the procedure with an exam, and 1,775 people will be admitted to the second stage - dossier examination and interviews. At the interview stage, the Public Integrity Council will be involved, which will assist the Commission in establishing whether a judge or a candidate for the position of judge meets the criteria of professional ethics and integrity.

As of December 31, 2023, the qualification assessment for competence to hold office

was completed for 48 judges: 41 judges were qualified for the position, 7 were not qualified for the position.

It should be noted that the last meeting of the HQCJ on the procedure for qualification assessment of judges for their competence to hold the position was held in November 2019.

The work on competitive procedures for filling vacant positions of judges in local courts is ongoing.

In December 2023, the HQCJ approved the ratings of participants in the competition for the positions of judges of local administrative, commercial and general courts. The competition is scheduled to be completed in 2024.

In September 2023, the HQCJ announced a competition to fill 550 vacant positions of judges in the courts of appeal. A total of 2,076 people applied for the competition.

In November 2023, the HQCJ announced a competition to fill 25 vacant positions of judges of the High Anti-Corruption Court. The deadline for submitting documents for participation in the competition is from 1 March 2024 to 15 March 2024 (inclusive).

## COUNTERING HUMAN TRAFFICKING

With the aim of improving the mechanism for preventing human trafficking, increasing the effectiveness of identifying perpetrators of crimes related to human trafficking, and ensuring the protection of the rights of victims of human trafficking and providing them with assistance, the Cabinet of Ministers of Ukraine approved the National Social Programme for Combating Human Trafficking until 2025 by Order No. 496-r of June 2, 2023.

The Order of the National Police of Ukraine of August 7, 2023, No. 724 approved the Action Plan for the implementation of the National Social Programme for Combating Human Trafficking until 2025.

A regular exchange of information with the EU Anti-Trafficking Coordinator has been established.

## PERSONAL DATA PROTECTION

The Verkhovna Rada of Ukraine is currently considering the Draft Law of Ukraine "On Personal Data Protection" (Reg. No. 8153) (hereinafter - the Draft Law No. 8153) aimed at bringing Ukrainian legislation in line with European standards in the field of personal data protection (Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27 April, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)) and the Modernised Convention 108+.

In May 2023, the Verkhovna Rada of Ukraine received a legal opinion from the Council of Europe experts on the draft law Reg. No. 8153. In 2023, sectoral discussions on the draft law were held, including with representatives of the banking and telecommunications community, government agencies, and public associations, to develop a coordinated position.

On December 19, 2023, the Verkhovna Rada Committee on Human Rights, De-occupation and Reintegration of the Temporarily Occupied Territories of Ukraine, National

Minorities and Interethnic Relations passed a decision to recommend that the Verkhovna Rada of Ukraine adopt the draft law reg. No. 8153 as a basis.

In addition, the Draft Law of Ukraine "On the National Commission on Personal Data Protection and access to public information" (Reg. No. 6177) was registered with the Verkhovna Rada of Ukraine, which provides for the establishment of a new supervisory authority in personal data protection and defines the status, powers, principles of organisation and procedure for the activities of this authority.

## FIGHT AGAINST TORTURES

The draft Laws of Ukraine "On compensation to victims of violent criminal offences" and "On amendments to the Code of Ukraine on Administrative Offences and the Criminal Procedure Code of Ukraine regarding the mechanism for compensation to victims of violent criminal offences" are being finalised, in particular, taking into account the opinion of the EU Advisory Mission to Ukraine received in August 2023.

As part of the implementation of the recommendations of the UN Subcommittee on Prevention of Torture, a joint order of the Ministry of Justice and the Ministry of Health of May 4, 2023, No. 1599/5/840 was issued to inform the territorial departments of the State Bureau of Investigation in cases of reports of torture by law enforcement officers (State Criminal Executive Service, National Police, SSU, National Guard, etc.)

## FIGHT AGAINST TERRORISM

In order to harmonise national legislation on preventing and combating terrorist activities with the European standards, the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On amendments to the Criminal Code and the Criminal Procedure Code of Ukraine in connection with the ratification of the Additional Protocol to the Council of Europe Convention on the Prevention of Terrorism, as well as to certain legislative acts of Ukraine regarding the improvement of the fight against terrorism" (No. 2997-IX of March 21, 2023).

The law, in particular, enhanced the capacity of the SSU and the SSU Anti-Terrorist Centre to combat terrorism, criminalised border crossing for terrorist purposes and terrorist training, and designated the SSU as a contact point for the exchange of information on terrorists.

In 2023, the SSU initiated 27 criminal proceedings under Article 258-3 of the Criminal Code of Ukraine (CCU) "Creation of a terrorist group or terrorist organisation". A total of 34 people were served with a notice of suspicion (Article 258 "Terrorist act" of the CCU - 1; Article 258-3 "Creation of a terrorist group or terrorist organisation" of the CCU - 33). 24 court verdicts were delivered under Art. 258-3 "Creation of a terrorist group or terrorist organisation" of the CCU.

Within the cooperation with special services of partner countries, 521 foreigners involved in the activities of international terrorist and religious extremist organisations were banned from entering Ukraine. The SSU identified 51 persons and detained 1 person from this category.

A transnational criminal group engaged in illegal transfer of migrants from countries with high migration and terrorist risks from territory of russia and belarus to the EU countries

through the Republic of Poland was detected. Five foreigners involved in this channel of illegal migration were detained in the EU countries.

In 2023, 2,724 anonymous terrorist reports were recorded (2,146 electronic, 576 telephone and 2 written), none of which were confirmed. Most of these reports were received in Kyiv, as well as in Kyiv, Dnipro, Kharkiv, Zaporizhzhya, Odesa and Lviv oblasts. A total of 74 individuals were identified as being involved in the reports.

With the aim of preventing terrorist and extremist acts involving the use of weapons, explosives and other munitions, the SSU bodies and units seized from illicit trafficking 6,161 small arms, 1,802,070 rounds of ammunition of various calibres, 4,840 grenades, 26,643 standard munitions, 1,990 kg of explosives, 7 improvised explosive devices, 55 kg of radioactive materials, 10.25 kg of chemical and biological materials.

## ILLEGAL TRAFFICKING IN WEAPONS

The Plan for the implementation of joint measures proposed by the European Union to control arms trafficking and prevent their outflow from Ukraine was approved (Order of the Ministry of Internal Affairs of September 29, 2023, No. 786) and its implementation started. Information on lost and stolen weapons was regularly submitted to the Europol Analysis Project, and since May 2023, information on seized weapons has been submitted quarterly.

From November 13 to 18, 2023, representatives of the National Police of Ukraine participated in the work of the Central Operational Command Centre in Skopje (Republic of North Macedonia), and the National Coordination Station was organised on the basis of the National Police of Ukraine to implement Operational Plan 8.1 on firearms within the framework of the European Multidisciplinary Platform Against Criminal Threats (EMPACT).

On June 23, 2023, the functional subsystem “Unified Register of Weapons” of the unified information system of the Ministry of Internal Affairs was put into operation.

## INVESTIGATION OF WAR CRIMES

Ukraine has been working with EU institutions to establish a Special Tribunal for the Crime of Aggression against Ukraine (Special Tribunal). In particular, with the active participation of the EU, in 2023, the Coalition of States for the Establishment of a Special Tribunal (Core Group) was created, which held six meetings in 2023 and has an agreed work plan for 2024. Work is ongoing with the EU to agree on an international legal mechanism to prosecute Russia for the crime of aggression against Ukraine. Various models for establishing the Special Tribunal are being discussed. In October 2023, the European Commission and the European External Action Service (EEAS) presented the first draft of the “Third Option” for the establishment of the Special Tribunal on the basis of the transfer of criminal proceedings.

The OPG, as the central body for international cooperation in criminal proceedings, cooperates with the competent authorities of the EU countries by establishing joint investigation teams (hereinafter referred to as JITs) within the framework of pre-trial investigation of criminal proceedings related to corruption, terrorism, and organised crime. Eurojust coordinates the conclusion of agreements on JITs.

In 2023, 32 agreements were signed between Ukraine and the EU Member States (26 in

2022 and 14 in 2021) on the establishment of JITs, and documents on the continuation of their activities, change of managers and composition; and representatives of the prosecutor's office participated in 52 coordination meetings of Eurojust (35 in 2022, 25 in 2021).

Joint investigations into Russian aggression, war crimes, crimes against humanity and genocide were continued by Ukraine Case JIT, established by Ukraine, with Lithuania, Poland, Estonia, Latvia, Slovakia and Romania as parties, and Eurojust, the Office of the ICC Prosecutor and the EU Agency for Law Enforcement Cooperation (Europol) as participants.

With regard to Europol's participation in the JIT, in October 2023, the Prosecutors General of the seven JIT member states and the Executive Director of Europol signed an agreement under which Europol will provide analytical and forensic support to the JIT members, help collect and analyse data lawfully obtained from open sources, such as social media, television and radio broadcasting, i.e. conduct open source intelligence (OSINT).

On July 03, 2023, within the framework of the activities of Ukraine's Case JIT, an Agreement on cooperation through the International Centre for the Prosecution of the Crime of Aggression against Ukraine (ICPA) was signed. The ICPA is the first joint coordination platform that supports the case building on the crime of Russian aggression by handling evidence and assisting in the development of criminal proceedings, and is an important step towards the establishment of a Special Tribunal.

Apart from Ukraine, 5 members of the Ukraine Case JIT - Lithuania, Latvia, Estonia, Poland and Romania - are currently involved in the work of the ICPA. Following the signing of the Memorandum of Understanding with the members of the JIT, the United States appointed a special prosecutor for the crime of aggression to facilitate the activities of the ICPA.

Moreover, as of today, the competent authorities of more than 20 EU countries have launched their own investigations or evidence collection to investigate crimes committed in Ukraine as a result of Russian aggression, in particular Belgium, Bulgaria, Denmark, Estonia, Ireland, Spain, Italy, Latvia, Lithuania, the Netherlands, Germany, Norway, Poland, Romania, Slovakia, Slovenia, Hungary, Finland, France, the Czech Republic, Sweden.

Due to the SSU's systematic measures to counteract crimes that threaten the state security of Ukraine, especially under martial law, a large number of war criminals were brought to justice; the evidence base on Russian crimes against peace and security of mankind was formed for consideration in international courts.

As of December 31, 2023, 1,095 (including 997 in absentia) Russian citizens were notified of suspicion (including 44 high-ranking officials, 426 members of the State Duma, 178 senators of the Federation Council of the Federal Assembly, 10 judges of the Constitutional Court, 262 military personnel and 5 FSB officers). Of these, 586 proceedings against 680 Russian citizens were brought to court.

Between February 24, 2022 and December 31, 2023, SSU investigators conducted pre-trial investigations in 119,206 criminal proceedings, including those related to crimes committed in connection with Russia's open military aggression against Ukraine, in which 7,360 people were served with notices of suspicion, including 1,095 Russian citizens, including 44 - from among the top military and political leadership of the Russian Federation; 5 - from among the members of the Central Election Commission of the Russian Federation; 1 - from among the senior clergy of the Russian Orthodox Church; 426 - from among the deputies of the State Duma of the Russian Federation.

5,518 criminal proceedings in this category have already been referred to court, 586 of

which involve 680 Russian citizens.

Together with the Council of Europe experts, within the framework of the project “Strengthening Ukrainian Law Enforcement Agencies during the War and Post-War Period”, consultative sessions were held on the investigation of crimes against peace, security of mankind and international law and order.

## COMBATING ORGANISED CRIME

With the aim of practical implementation of the Serious and Organised Crime Threat Assessment, developed on the model of the Europol Threat Assessment, in the activities of law enforcement agencies:

On November 2, 2023 the Interagency Working Group on Coordinating the Implementation of the SOCTA Ukraine Assessment System in the activities of central executive authorities has approved the Methodology for Serious and/or Organised Crime Threat Assessment (SOCTA Ukraine);

On November 8, 2023, Order of the Minister of Internal Affairs of Ukraine No. 902 approved the Instruction on the formation and maintenance of the SOCTA information subsystem of the information and communication system “Information Portal of the National Police of Ukraine” (registered with the Ministry of Justice of Ukraine on November 27, 2023 under No. 2041/41097);

On November 13, 2023, Order of the Minister of Internal Affairs of Ukraine No. 919 established and approved the staff of the interagency analytical group to assess the threats of serious and organised crimes according to the SOCTA Ukraine assessment system.

The National Police of Ukraine participates in the implementation of all 15 operational action plans of the European Multidisciplinary Platform against Criminal Threats (EMPACT) aimed at combating organised crime, and in some of them acts as a co-leader.

## MIGRATION AND READMISSION

On October 18, 2023, the European Commission published the Sixth Progress Report on the Implementation by Ukraine of the Action Plan on Visa Liberalisation, which confirmed that Ukraine continues to meet the benchmarks for visa liberalisation and has taken steps to implement some of the Commission’s previous recommendations.

On February 24, 2023, the Law of Ukraine No. 2952-IX “On amendments to certain legislative acts of Ukraine regarding the protection of the state border of Ukraine” came into force, which strengthened the responsibility of carriers for the transportation of illegal migrants, improved the procedure for forced expulsion, eliminated the possibility of abuse of the protection procedure, etc.

Work was underway to ensure the conclusion of an Agreement between Ukraine and the EU on the status of representatives of the EU External Border Agency (FRONTEX). On April 12, 2023, the first round of negotiations was held with the European Commission’s Directorate-General for Home Affairs on the conclusion of an Agreement on the Status of FRONTEX Representatives.

Negotiations continued with the EC on the model of Ukraine’s accession to the Asylum,



Migration and Integration Fund (AMIF). One of the priorities in 2023 was to ensure the rights and solve the problems of Ukrainians in the EU, to continue the fight against corruption, especially in the context of the EU membership and candidate country status perspective, as well as illegal arms trafficking in connection with the war of the Russian Federation against Ukraine.

Work continues to conclude implementation protocols with the EU Member States on the implementation of the Agreement between Ukraine and the European Communities on readmission of persons. Relevant draft implementation protocols have been signed with Romania (October 18, 2023) and Latvia (November 28, 2023), and the parties are in the process of completing the domestic procedures necessary for these international agreements to enter into force.

The Government of Ukraine has also approved the texts of the implementation protocols with Hungary and Spain, and a dialogue is underway to determine the date of their signing.

As part of efforts to conclude agreements on readmission of persons with states of origin (transit) of illegal migrants, draft agreements on readmission with the Republic of Armenia and Montenegro were being developed during the reporting period. Draft laws were developed on the suspension of readmission agreements with the Republic of Belarus and the Russian Federation.

Within the framework of the Administrative Arrangements on the establishment of cooperation between the State Migration Service of Ukraine and the European Commission within the framework of the European Migration Network, the following was achieved:

- translation from English into Ukrainian of the European Migration Network (EMN) Glossary for its further printing and publication;
- responding to ad hoc requests within the framework of the EMN on the following topics: "Providing correct data on stateless persons and preventing double payment of social and health benefits related to stateless status", "Implementation of consistent return and reintegration assistance", "Integration of Ukrainians who are granted temporary protection into the labour market";
- preparation of the Annual Report on Migration and Asylum for 2023, which is due to be submitted to the EMN by March 15, 2024.

During the 130th meeting of the EMN National Contact Points (September 12, 2023), a positive assessment of Ukraine's activities in 2022 in the work of the EMN was noted. As a result, it was recommended that Ukraine be granted permanent observer status with the EMN, which should be confirmed at one of the next meetings of the EMN Supervisory Board in 2024.

## BORDER CONTROL

The Integrated Border Management Strategy until 2025 was updated to take into account the EU candidate status granted to Ukraine and the need to implement new tasks in the field of European integration, as well as the emergence of new threats related to the military aggression of the Russian Federation (Resolution of the Cabinet of Ministers of Ukraine No. 1212-r dated December 27, 2023). This Government decision also approved the Action Plan for the implementation of the Strategy until 2025.

In order to define a unified mechanism for assessing the effectiveness and quality of the implementation of integrated border management tasks by the subjects of such management, the Cabinet of Ministers of Ukraine approved the National Methodology for Quality Control of Integrated Border Management Tasks by Resolution No. 595 of June 13, 2023. The training of experts for quality control is ongoing.

In order to implement the recommendations of the European Commission set out in the report on Ukraine's progress under the 2023 Enlargement Package, measures are being taken to establish the Coordination Centre for Integrated Border Management as an advisory body to the Cabinet of Ministers. The Centre's work is aimed at comprehensive coordination of the authorities' activities to ensure a systematic approach to organising and carrying out effective monitoring of the situation at the state border of Ukraine, conducting risk analysis, and strengthening communication capabilities to create and maintain a balance between an adequate level of border security and maintaining the openness of the state border of Ukraine for legitimate cross-border cooperation.

Arrangements are being developed and implemented to improve the railway checkpoints on the border with the European Union to facilitate the movement of passengers and goods.

The regulatory process of organising joint control at the border crossing points with Poland, Slovakia, Hungary and Romania is ongoing.

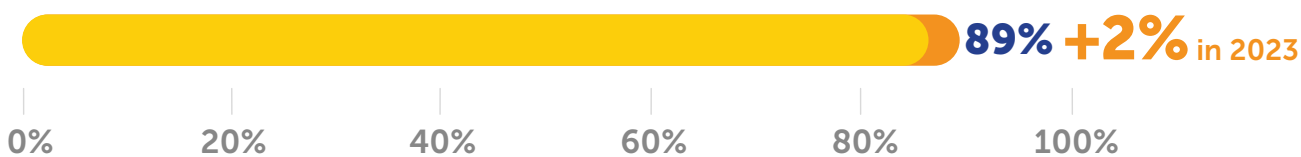
All international and interstate border crossing points are equipped with automated workstations with devices for scanning passports, including biometric data (digitised facial image) from the contactless electronic media and fingerprint scanners.

As part of the modernisation of the Gart-1 border control information and communication system, in particular:

- the central subsystem for automated biometric identification CABIS™ 6.2 is being upgraded to CABIS 7.0, which will provide multimodal processing, editing, searching and storing not only fingerprint data but also a digitised facial image;
- measures are planned to replace the automated workstations of users of the first and second lines of border control in 2024-2025.

As part of the work on the arrangement of railway checkpoints on the border with the EU countries to improve the movement of passengers and cargo, the movement of passenger trains at the international railway checkpoint Rava-Ruska was resumed on October 15, 2023. JSC "Ukrzaliznytsia" is taking measures to restore freight and passenger traffic at the Teresva international railway crossing point.

## TECHNICAL BARRIERS TO TRADE



In 2023, a preliminary assessment of Ukraine's quality infrastructure readiness for the conclusion of the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA Agreement) was completed. In particular, the last 5 missions were conducted to assess market surveillance mechanisms, conformity assessment system, machinery, electromagnetic compatibility of equipment and low-voltage electrical equipment.

The conclusions and recommendations of the EU Party indicate progress in the approximation of Ukrainian legislation on the national quality infrastructure and legislation on industrial products with the basic provisions of the EU legislation. Based on the results of the discussion during the meeting of the EU-Ukraine Association Committee in Trade Configuration on November 30, 2023, recommendations of the first (7 recommendations) and second (13 recommendations) priorities were received. Some of the recommendations of the first priority were implemented during the year, while the rest are being implemented in constant communication with the EU Party.

In particular, the draft Law of Ukraine "On amendments to certain laws of Ukraine regarding the improvement of state market surveillance and the system of technical regulation in accordance with the requirements of the European Union" was finalised, taking into account the priority recommendations of the European Party, which brings the system of state market surveillance of Ukraine in line with Regulation (EU) 2019/1020 of the European Parliament and of the Council of June 20, 2019 on market surveillance and compliance of products, and a draft resolution "On amendments to the resolutions of the Cabinet of Ministers of Ukraine No. 303 dated March 13, 2022 and No. 550 dated May 3, 2022" was developed, which restores the scheduled and unscheduled state market surveillance measures in priority areas of industrial goods for the purposes of the ACAA.

In 2023, work continued on the adoption of national standards and approval of lists of national standards for the application of technical regulations prioritised by the ACAA Agreement, in particular, 512 national standards were adopted, 409 of which were harmonised with international and European standards, and 9 lists of standards in the field of electromagnetic compatibility, safety of machinery and low-voltage equipment were approved. In addition, in 2023, 792 national standards were cancelled, including those that contradicted the provisions of the adopted European standards. In total, the National Standards Fund comprises 45,625 national standards, of which 29,934 are harmonised with the European standards and 8,080 with the international standards.

Also during the year, the following regulations were adopted to bring Ukraine's technical regulation in line with the EU legislation:

- Order of the Ministry of Economy of Ukraine No. 896 dated February 10, 2023, which approved the Technical Regulation on crystal glass for the purpose of implementing Council Directive 69/493/EEC of December 15, 1969 on the approximation of the laws of the Member States relating to crystal glass;
- Resolution of the Cabinet of Ministers of Ukraine dated August 19, 2023 No. 880 "On amendments to the Technical Regulation on Machinery Safety", which sets out the

relevant technical regulation in a new version in order to bring it into compliance with the requirements of Directive 2006/42/EC of the European Parliament and of the Council of May 17, 2006 on machinery;

- Resolution of the Cabinet of Ministers of Ukraine dated April 21, 2023 No. 370 “On amendments to the Technical Regulations on Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment”, which amended the relevant technical regulations.

In pursuance of the recommendations of the European experts provided as part of the assessment of the Ukrainian metrology system, the Cabinet of Ministers of Ukraine adopted Resolution No. 160 dated February 24, 2023 “On amendments to the technical regulations approved by the resolutions of the Cabinet of Ministers of Ukraine No. 1062 dated December 16, 2015 and No. 163 dated February 24, 2016”, which amended the text of the Technical Regulations on non-automatic weighing instruments and the Technical Regulations on measuring instruments.

To date, 114 technical regulations have been adopted in Ukraine, of which 101 are based on the EU legislation, including the new and global approach directives. 100 technical regulations have already entered into force.

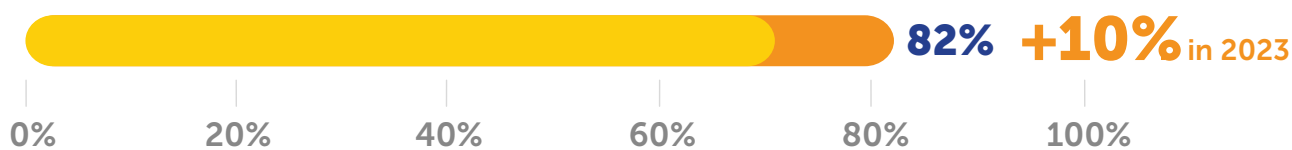
The National Accreditation Agency of Ukraine (NAAU) is a signatory to the recognition agreements with the European Cooperation for Accreditation (EA BLA), the International Laboratory Accreditation Cooperation (ILAC MRA) and the International Accreditation Forum (IAF MLA). Thus, accreditation provided by NAAU in the relevant fields is equivalent to accreditation provided by national accreditation bodies - signatories to ILAC MRA and IAF MLA in more than 80 countries. In June 2023, NAAU underwent a remote parity assessment by the European Co-operation for Accreditation (EA) and its results are expected.

Currently, there are 1,082 accredited conformity assessment bodies in Ukraine: 700 testing laboratories, 39 medical laboratories, 40 calibration laboratories, 66 management system certification bodies, 16 personnel certification bodies, 114 products, process and service certification bodies, 96 inspection bodies, 6 greenhouse gas claim verification bodies and 5 professional level verification providers.

On January 1, 2023, the Law of Ukraine “On placing construction products in the market” came into force, implementing Regulation (EU) 305/2011 of the European Parliament and of the Council of March 9, 2011 laying down harmonised conditions for the marketing of construction products. In order to create favourable conditions for the implementation of the law and reduce the financial burden associated with the transition to the new conditions for assessing the conformity of essential performance characteristics of construction products on their manufacturers, a transition period was introduced from January 1, 2023 to December 31, 2025.

During the transition period, the necessary quality infrastructure is being developed to fully implement the requirements of European legislation in the construction sector. In particular, 13 testing laboratories have been accredited in Ukraine, which can provide testing services for 19 out of 35 categories of construction products.

## SANITARY AND PHYTOSANITARY MEASURES



Ukraine's obligations in the area of Sanitary and Phytosanitary Measures (hereinafter referred to as SPM) are stipulated in Chapter 4 "Sanitary and Phytosanitary Measures" of Title IV "Trade and Trade-related Matters" and Annex 5 of the Association Agreement.

In 2023, in pursuance of the Association Agreement and with a view to implementing the EU acquis:

### 1. The following laws of Ukraine were adopted:

- "On amendments to certain laws of Ukraine regarding the improvement of state regulation of food safety and livestock development" (No. 3221-IX of June 30, 2023), which aims to improve the regulation of food safety and livestock development. By strengthening hygiene requirements and introducing more detailed labelling (implementing the requirements of the EU Regulation No. 178/2002), the right of consumers to receive safe products is ensured;
- "On state regulation of genetic engineering activities and state control over the circulation of genetically modified organisms and genetically modified products to ensure food safety" (No. 3339-IX of August 23, 2023). The Law will enter into force on September 16, 2026, which will allow for the development and adoption of relevant bylaws. This Law defines the legal and organisational framework for state regulation of genetic engineering activities, ensuring environmental, genetic, food and biological safety of the state and state control over the placement of genetically modified organisms and products on the market.

### 2. Adopted in the first reading:

- the Draft Law of Ukraine "On state regulation of plant protection" (reg. No. 8340 dated January 9, 2023, adopted in the first reading on June 29, 2023), which defines the legal and organisational framework for implementing measures to ensure an adequate level of phytosanitary protection, limiting and preventing the spread of pests, sustainable and safe handling of plant protection products, and state control and other official measures to verify compliance with the legislation of Ukraine on plant protection.

### 3. In order to create a comprehensive and complete SPM regulation, taking into account the relevant provisions of the EU acquis, the following were regulations adopted:

- Resolution of the Cabinet of Ministers of Ukraine No. 458 of May 9, 2023 "On approval of the Procedure for obtaining a certificate on the right to work with pesticides";
- Resolution of the Cabinet of Ministers of Ukraine No. 235 dated March 17, 2023 "On approval of the Regulation on the National Institution of Ukraine for Veterinary Preparations and Feed Additives";
- Resolution of the Cabinet of Ministers of Ukraine of September 29, 2023 No. 1041 "On amendments to the Rules of Animal Transportation";

- Resolution of the Cabinet of Ministers of Ukraine of October 6, 2023 No. 1056 "Some issues of the activities of state emergency anti-epizootic commissions".

Besides, the following ministerial orders were approved:

- 1) наказ Мінагрополітики від 24 лютого 2023 р. № 261 «Про внесення змін до 1) Order of the Ministry of Agrarian Policy No. 261 dated February 24, 2023 "On amendments to certain orders on importation (shipment) of fish products intended for human consumption into the customs territory of Ukraine", registered with the Ministry of Justice of Ukraine on March 27, 2023 under No. 510/39566;
- 2) Order of the Ministry of Agrarian Policy of Ukraine No. 360 "On approval of the requirements for chicken eggs" dated March 7, 2023, registered with the Ministry of Justice of Ukraine on March 23, 2023, under No. 494/39550;
- 3) Order of the Ministry of Agrarian Policy of Ukraine dated March 27, 2023 No. 625 "On amendments to the Order of the Ministry of Agrarian Policy and Food of Ukraine dated October 20, 2022 No. 813 and approval of the Requirements for certain quality indicators for poultry meat", registered with the Ministry of Justice of Ukraine on April 5, 2023 under No. 579/39635;
- 4) Order of the Ministry of Agrarian Policy of Ukraine dated June 2, 2023 No. 1228 "On approval of the Requirements for hatching eggs and young poultry", registered with the Ministry of Justice of Ukraine on June 19, 2023 under No. 1021/40077;
- 5) Order of the Ministry of Agrarian Policy of Ukraine dated August 8, 2023 No. 1503 "On approval of forms of acts drawn up as a result of scheduled (unscheduled) state control (inspection) measures regarding compliance by market operators with the requirements of legislation on food, feed, by-products of animal origin, animal health and welfare, and other forms of administrative documents", registered with the Ministry of Justice of Ukraine on August 8, 2023 under No. 1597/40653;
- 6) Order of the Ministry of Agrarian Policy of Ukraine dated September 4, 2023 No. 1623 "On amendments to the Order of the Ministry of Agrarian Policy and Food of Ukraine dated October 11, 2018 No. 490", registered with the Ministry of Justice of Ukraine on September 20, 2023 under No. 1661/40717;
- 7) Order of the Ministry of Agrarian Policy and Food of Ukraine No. 1743 dated October 2, 2023 "On approval of the Requirements for a written declaration of conformity of materials and items intended for contact with food and the list of documents confirming the information specified in the declaration", registered with the Ministry of Justice of Ukraine on November 13, 2023 under No. 1961/41017;
- 8) Order of the Ministry of Agrarian Policy of November 15, 2023, No. 1968 "On approval of hygienic requirements for facilities for the production and/or circulation of bee products", registered with the Ministry of Justice of Ukraine on December 27, 2023, under No. 2262/41318;
- 9) Order of the Ministry of Agrarian Policy of Ukraine dated January 26, 2023 No. 69 "On approval of the Rules for the production, circulation and application (use) of curative feed and intermediate products for the production of curative feed", registered with the Ministry of Justice of Ukraine on March 10, 2023 under No. 433/39489;
- 10) Order of the Ministry of Agrarian Policy of Ukraine No. 987 dated April 25, 2023 "On approval of the Procedure for authorising licensed veterinarians to issue veterinary certificates and veterinary passports for animals", registered with the Ministry of Justice of Ukraine on June 9, 2023 under No. 964/40020;

- 11) Order of the Ministry of Agrarian Policy of Ukraine No. 1397 dated July 20, 2023 "On approval of certain regulatory legal acts regarding the circulation of veterinary medicines", registered with the Ministry of Justice of Ukraine on August 17, 2023 under Nos. 1423/40479, 1424/40480, 1425/40481, 1426/40482, 1427/40483;
- 12) Order of the Ministry of Agrarian Policy of October 20, 2023, No. 1843 "On approval of the Requirements for good practice of selling active substances of veterinary drugs", registered with the Ministry of Justice of Ukraine on December 14, 2023, No. 2176/41232;
- 13) Order of the Ministry of Agrarian Policy and Food of Ukraine No. 1264 dated June 12, 2023 "On approval of the training programme for persons whose activities are related to the transportation, storage, use, and trade in pesticides";
- 14) Order of the Ministry of Health of Ukraine No. 1280 dated July 15, 2023 "On approval of the requirements for food products and food ingredients exposed to ionising radiation", registered with the Ministry of Justice of Ukraine on August 25, 2023 under No. 1491/40547;
- 15) Order of the Ministry of Health of Ukraine dated December 11, 2023 No. 2104 "On approval of special requirements for plastic materials and items intended for contact with food", registered with the Ministry of Justice of Ukraine on December 27, 2023 under No. 2254/41310;
- 16) Order of the Ministry of Health of Ukraine No. 625 dated April 4, 2023 "On approval of the procedure for establishing maximum permissible levels of pesticide residues in/on food and feed of plant and animal origin", registered with the Ministry of Justice of Ukraine on May 26, 2023 under No. 887/39943;
- 17) Order of the Ministry of Health of Ukraine dated December 11, 2023 No. 2113 "On amendments to the State Hygienic Rules and Regulations "Maximum permissible levels of certain pollutants in food products" approved by Order of the Ministry of Health of Ukraine dated May 13, 2013 No. 368 and repealing the Orders of the Ministry of Health of Ukraine dated May 6, 2003 No. 197 and December 11, 2007 No. 811", registered with the Ministry of Justice of Ukraine on December 27, 2023 under No. 2261/41317.

## CUSTOMS MATTERS



## APPROXIMATION OF NATIONAL CUSTOMS LEGISLATION TO THE EU CUSTOMS LEGISLATION

### Adopted:

- 1) Law of Ukraine dated July 13, 2023 No. 3229-IX "On amendments to the Customs Code of Ukraine regarding the use of customs declarations and electronic transit system provided for by the Convention on a Common Transit for transit under the terms of this Code".

Implementation of the Law's provisions allows to:

- reduce customs clearance time for users of the New Computerised Transit System (hereinafter - NCTS) and expand the use of transit simplifications;
  - introduce internal transit using the NCTS, similar to the Union transit provided for by the Union Customs Code;
  - establish priority border crossing for goods placed under the common transit procedure;
  - increase control over goods through the use of customs seals and special type seals.
- 2) Law of Ukraine dated July 14, 2023 No. 3261-IX "On amendments to the Customs Code of Ukraine regarding bringing the procedure for determining the country of origin of goods in line with the Union Customs Code and ensuring the implementation of Ukraine's free trade agreements" (hereinafter - Law No. 3261-IX).

The amendments allowed to finalise domestic procedures for implementation of modernised (alternative) preferential rules of origin as an updated Annex to the EU-Ukraine Association Agreement, and to fully align Ukrainian customs legislation on non-preferential rules of origin with the EU legislation.

Pursuant to Law No. 3261-IX, the Government adopted Resolution No. 1184 dated November 10, 2023 "On approval of the definition of the concept of originating products and methods of administrative cooperation in accordance with the Association Agreement".

The decision of the EU-Ukraine Customs Subcommittee No. 1/2023 dated November 16, 2023 on amending Protocol I "On the definition of the concept of originating products and methods of administrative cooperation" to the Association Agreement (hereinafter - Protocol I), was approved in line with the written procedure and published on November 24, 2023 in the Official Gazette of Ukraine.



In accordance with the updated Protocol I, starting from December 1, 2023, the Alternative Rules of Origin shall be applied in bilateral trade in goods between Ukraine and the EU, which, in particular, provides for:

- simplification and acceleration of procedures for confirming the preferential origin of goods supplied under the terms of the EU-Ukraine Association Agreement;
  - reduction of the number of supporting documents, possibility to use electronic documents of origin;
  - extension of the validity of documents of origin (from four to ten months).
- 3) Law of Ukraine dated August 23, 2023 No. 3345-IX "On amendments to the Customs Code of Ukraine and other laws of Ukraine regarding unification of procedures for declaring military equipment and other goods with European and North Atlantic standards", which allowed exemption from a number of state controls when moving goods across the customs border of Ukraine using Form 302 (a document for customs clearance of military equipment and other goods used in the EU and NATO member states).

In order to implement the provisions of this Law, the Cabinet of Ministers of Ukraine adopted Resolution No. 1230 dated November 17, 2023 "Some issues of application of the document for declaring military equipment and other goods (Form 302 of Ukraine)".

- 4) Resolution of the Cabinet of Ministers of Ukraine No. 633 dated June 24, 2023 "On amendments to the Procedure for maintaining Ukrainian Classification of Goods for Foreign Economic Activity", which introduced into Ukrainian legislation more than 700 regulations and implementing regulations of the European Commission on the classification of certain goods in the Combined Nomenclature of the European Union.

Also, in order to approximate the national customs legislation to the EU customs legislation in accordance with the updated Annex XV to the Association Agreement, the Government developed and approved on December 22, 2023 the Draft Law of Ukraine "On amendments to the Customs Code of Ukraine regarding the implementation of certain provisions of the Union Customs Code", which provides for further harmonisation of customs legislation with the EU legislation, in particular in the following areas: customs procedures, declaration, customs representation, development of authorised economic operator programmes (AEO) and NCTS.

## **AUTHORISED ECONOMIC OPERATOR (AEO) PROGRAMME**

In 2023, the State Customs Service of Ukraine (hereinafter referred to as the "State Customs Service") received 273 applications for authorisations from companies, of which 42% were for AEO authorisations and 58% were authorisations for application of simplifications.

On the results of applications processing, the State Customs Service granted 22 AEO authorisations (one of which was to confirm safety and reliability) and 148 authorisations for the application of simplifications (including 147 authorisations in 2023).

Following the entry into force of Law of Ukraine No. 2510-IX dated August 15, 2022

“On amendments to the Customs Code of Ukraine and other laws of Ukraine regarding certain issues of implementation of Chapter 5 of Title IV of the Association Agreement between the European Union, the European Atomic Energy Community and their Member States, of the one party, and Ukraine, of the other party” (hereinafter - Law No. 2510), businesses have become increasingly interested in obtaining various simplifications in customs formalities.

In order to implement the requirements of the Law No. 2510, the Ministry of Finance of Ukraine adopted Order No. 213 “On certain issues of securing the payment of customs duties” dated April 25, 2023 (registered with the Ministry of Justice of Ukraine on June 13, 2023 under No. 984/40040), and created a new software and information complex “Digital Guarantee Management System”, which ensures electronic exchange of data and storage of information on securing payment of customs duties provided under the simplified terms of “general guarantee”, “general guarantee with a 50 percent reduction in the amount of base fee security”, “general guarantee with a 70 percent reduction in the amount of base fee security”, “exemption from guarantee” and in the form of an individual guarantee.

## NCTS FUNCTIONING

In 2023, more than 33.6 thousand operations initiated by the customs authorities of Ukraine were successfully completed in the countries participating in the Convention on a Common Transit Procedure. At the same time, more than 7.6 thousand operations initiated in other countries participating in the Convention were successfully completed in Ukraine.

In total, since the start of the application of the common transit procedure in Ukraine (from October 1, 2022), customs officers have issued 41,900 transit declarations.

Work continues on the NCTS application development in Ukraine, in particular, measures are being taken to prepare for the transition to NCTS P5. Currently, NCTS Phase 5 compliant software has been deployed on the servers of the State Customs Service and its testing for compliance with the requirements of DG TAXUD (Conformance Testing) has been successfully completed, which confirms the operability of the system deployed in the State Customs Service and the ability to interact with other countries participating in the Convention on a Common Transit Procedure. However, during consultations with the business community, representatives of brokerage software companies informed that additional time was needed to test their systems, given the completely new NCTS Phase 5 message architecture.

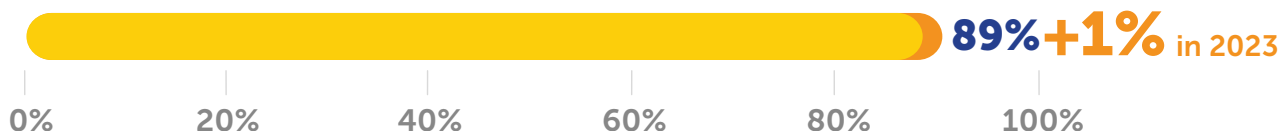
Therefore, in order to minimise the risks of business transition to NCTS Phase 5, the State Customs Service signed a contract for the development of the Trader’s Portal, which will be an alternative IT solution to brokerage software for filing declarations in NCTS Phase 5. According to the terms of the contract, the new Trader’s Portal should be available to business at the end of the first quarter of 2024. In this regard, the State Customs Service agreed with DG TAXUD to postpone the date of transition to NCTS Phase 5 to no later than May 1, 2024, taking into account the readiness of the new Trader’s Portal and/or brokerage software to fully interact in accordance with the requirements of NCTS Phase 5.

## PARTICIPATION IN THE EU CUSTOMS PROGRAM

Ukraine became a participant of the EU's Customs programme (the Agreement was ratified by the Law of Ukraine No. 3176-IX dated June 29, 2023 "On ratification of the Agreement between Ukraine and the European Union on Ukraine's participation in Customs Program, the Union's customs cooperation programme").

The Agreement between Ukraine and the European Union on Ukraine's participation in the Customs, the Union's customs cooperation programme, is the basis for cooperation between Ukraine and the European Union in supporting the customs union and customs authorities working together and acting as one. The objectives of Customs, the Union's customs cooperation programme are to safeguard the financial and economic interests of the Union and its Member States, to ensure safety and security within the Union and to protect the Union from unfair and illegal trade, while supporting legitimate commercial activity.

## ENTREPRENEURSHIP



On February 2, 2023, the Agreement on Ukraine's participation in the EU's Single Market Programme (2021-2027) was signed and ratified by the Law of Ukraine No. 3175-IX dated June 29, 2023 "On ratification of the Agreement between Ukraine, of the one party, and the European Union, of the other party, on Ukraine's participation in the European Union's Single Market Programme (2021-2027)".

Participation in the programme will facilitate access to markets, improve business environment, business development, and ensure the competitiveness and sustainability of companies and certain sectors of the economy.

## ACCOUNTING, FINANCIAL REPORTING AND AUDIT

The Ministry of Finance of Ukraine took measures to further approximate national legislation to the EU legislation and to implement reforms aimed at Ukraine's membership in the EU, in particular:

### In accounting:

- 6 orders of the Ministry of Finance of Ukraine were issued, which brought the procedure of accounting of assets in line with the requirements of international financial reporting standards and amended the methodological recommendations on asset accounting, in order to harmonise national legislation on accounting and financial reporting with the EU legislation, as well as to increase the level of transparency and comparability of financial reporting indicators of enterprises;
- regulatory and legal support for public sector accounting was improved in accordance with international standards and the EU best practices, in particular, National Regulation (Standard) on Public Sector Accounting 102 "Consolidated Financial Statements" (Order of the Ministry of Finance of Ukraine No. 189 dated April 13, 2023) and guidelines for the application of national provisions of public sector accounting standards 121 "Fixed Assets" and 123 "Inventories" (Order of the Ministry of Finance of Ukraine No. 310 dated June 09, 2023);
- On March 04, 2023, Annex A12 to the Agreement between the Ministry of Finance of Ukraine and the International Federation of Accountants on the permission to translate and publish copyrighted materials was signed.

### In audit

4 orders of the Ministry of Finance of Ukraine were adopted to improve regulations on the certification of auditors in accordance with the EU legislation and to create conditions for attracting young and experienced professionals to the profession:

- dated May 09, 2023 No. 238 "On amendments to the Order of the Ministry of Finance of Ukraine dated July 06, 2020 No. 398", registered with the Ministry of Justice of Ukraine on June 27, 2023 under No. 1078/40134;

- dated June 19, 2023, No. 330 "On approval of amendments to the Procedure for crediting theoretical knowledge", registered with the Ministry of Justice of Ukraine on July 4, 2023, No. 1133/40189;
- dated July 06, 2023 No. 377 "On amendments to the Examination Procedure for the Certification of Auditors", registered with the Ministry of Justice of Ukraine on August 17, 2023 under No. 1422/40478;
- dated August 21, 2023 No. 447 "On amendments to the Procedure for Continuous Professional Training of Auditors", registered with the Ministry of Justice of Ukraine on September 4, 2023 under No. 1551/40607.

In order to strengthen the quality control of audit services and professional responsibility of auditors, the Order of the Ministry of Finance of Ukraine No. 253 dated May 17, 2023 approved the Procedure for conducting inspections to control the quality of audit services and other inspections (registered with the Ministry of Justice of Ukraine on July 3, 2023 under No. 1127/40183).

The updated Register of Auditors and Auditing Entities has been launched in accordance with the amendments to the Law of Ukraine "On the audit of financial statements and auditing activities" (Order of the Ministry of Finance of Ukraine No. 329 dated June 19, 2023 "On amendments to the Procedure for maintaining the Register of Auditors and Auditing Entities", registered with the Ministry of Justice of Ukraine on August 03, 2023 under No. 1321/40377).

Amendments to the Regulation on the Certification Commission were approved (Order of the Ministry of Finance of Ukraine dated August 03, 2023 No. 420, registered with the Ministry of Justice of Ukraine on August 18, 2023 under No. 1436/40492).

## ESTABLISHMENT AND OPERATION OF COMPANIES

On January 1, 2023, the Law of Ukraine No. 2465-IX "On Joint Stock Companies" dated July 27, 2022 came into force, which provides, inter alia, for the introduction of a mechanism for holding general meetings with the use of electronic voting, bringing the rules on shareholder representation in line with the EU legislation.

On July 14, 2023, the Verkhovna Rada of Ukraine adopted the Law of Ukraine No. 3257-IX "On amendments to certain legislative acts of Ukraine regarding the regulation of activities of separate subdivisions of a legal entity established in accordance with the laws of a foreign state", which entered into force on September 03, 2023 and will be effective on September 03, 2024.

The Law is aimed at implementing the provisions of the Directive (EU) 2017/1132 of the European Parliament and of the Council of June 14, 2017 relating to certain aspects of company law (codification), in part of the rules for disclosure of information applicable to branches of companies from other Member States, by entering information on such standalone units into the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Associations and making it publicly available.

Decision of the National Securities and Stock Market Commission dated November 22, 2023 No. 1308 "On approval of the Regulation on the procedure for share issue, registration and cancellation of registration of share issue" was adopted.

## COMPETITION AND STATE AID

The Antimonopoly Committee of Ukraine (the “Committee”), together with experts from the EU technical assistance project “Support to the Antimonopoly Committee of Ukraine in the Implementation of State Aid Rules”, has compiled an updated register of existing state aid and submitted it to the EU Party through the Secretariat of the EU-Ukraine Association Committee in the Trade Configuration.

The register contains information on the grounds for granting state aid, responsible implementers (providers of state aid), areas in which state aid is provided, and descriptions of state aid programmes. The register covers such areas as coal and lignite mining, aircraft construction, support for small and medium-sized enterprises, development of physical culture and sports - support for Olympic, Paralympic and Deaflympics training facilities, employment, in particular, employment of internally displaced persons, retention of employees, housing and utilities.

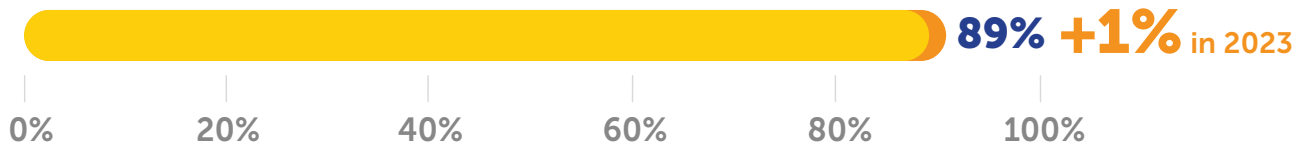
The Cabinet of Ministers of Ukraine (Resolution of the Cabinet of Ministers of Ukraine No. 348 of April 18, 2023) approved 5 criteria for assessing the eligibility of state aid for business entities, in particular for supporting culture and protecting cultural heritage, for recreational infrastructure, for local infrastructure, for providing services of creating and/or selecting, organizing and disseminating mass information, which are the services of general economic interest, for supporting small and medium-sized enterprises

The Verkhovna Rada of Ukraine adopted the Law of Ukraine dated August 9, 2023 No. 3295-IX “On amendments to certain legislative acts of Ukraine regarding improvement of legislation on protection of economic competition and activities of the Antimonopoly Committee of Ukraine” (hereinafter - Law No. 3295-IX), which further harmonises Ukrainian competition legislation with the legislation of the European Union, in particular, with Directive (EU) No. 2019/1 (ECN+) dated December 11, 2018.

Law No. 3295-IX reformed the legislation on economic competition protection and strengthened the Committee’s institutional capacity to effectively investigate violations of economic competition protection legislation and ensure a balance between the interests of business entities.

Law No. 3295-IX, in particular, contains provisions that increase the effectiveness of state protection of economic competition, including better detection, investigation and termination of violations of economic competition law through the introduction of legal instruments; updates the procedure for exemption from liability of business entities; and introduces a procedure for settlement of cases; improves the issues of joint and several liability; updates approaches to controlling concerted actions and concentration of business entities; improves the procedure for considering cases of violations of economic competition protection legislation; and sets deadlines for considering cases of violations of economic competition protection legislation.

## PUBLIC PROCUREMENT



Within the framework of the eighth meeting of the EU-Ukraine Association Committee in Trade Configuration, held on November 30, 2023 in Brussels, the Parties adopted joint Decisions of the EU-Ukraine Association Committee:

- Decision No. 2/2023 of the EU-Ukraine Association Committee in Trade Configuration of November 30, 2023 on a positive assessment of the implementation of Phase 1 of Annex XXI-A "Indicative Time Schedule for Institutional Reforms, Legislative Approximation and Market Access" to Chapter 8 of the Association Agreement (hereinafter - Decision No. 2/2023);
- Decision No. 3/2023 of the EU-Ukraine Association Committee in Trade Configuration dated November 30, 2023 on a positive assessment of the implementation of Phase 2 of Annex XXI-A "Indicative Time Schedule for Institutional Reforms, Legislative Approximation and Market Access" to Chapter 8 of the Association Agreement (hereinafter - Decision No. 3/2023).

Decision No. 2/2023 contains a positive assessment of the following EU requirements: requirement 1 regarding the implementation of Articles 150(2) and 151, and requirement 2 regarding the need to approve the relevant roadmap for the implementation of Chapter 8 of Title IV of the Association Agreement. The roadmap should coincide with the milestones and time schedules set out in Annex XXI-A and should include all reforms for legislation approximation with the EU acquis and institutional capacity building.

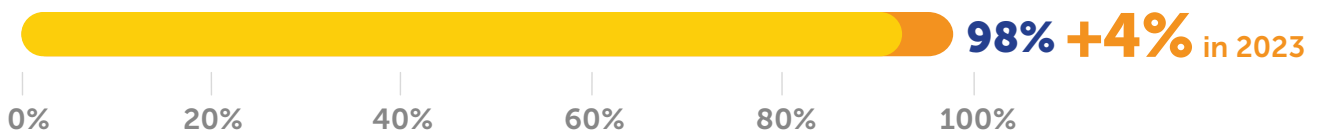
Decision No. 3/2023 gave a positive assessment of the implementation of Phase 2, which required the approximation and implementation of the main elements of Directive 2014/24/EU and Directive 89/665/EEC.

The basic elements of Directive 2014/24/EU are set out in Annex XXI-B "Basic Elements of Directive 2014/24/EU of February 26, 2014 on public procurement" to Chapter 8 of the Association Agreement. All necessary elements of Directive 2014/24/EU have been implemented by the Law of Ukraine "On Public Procurement", as well as subsequent amendments thereto.

As for Directive 89/665/EEC, its main elements are set out in Annex XXI-C to Chapter 8 of the Association Agreement. In order to implement the provisions of Directive 89/665/EEC by amending the special law "On the Antimonopoly Committee of Ukraine", the Antimonopoly Committee of Ukraine, as a complaint review body, establishes a Commission for Complaints on Violations of Public Procurement Legislation. The Law of Ukraine "On Public Procurement" and the Law of Ukraine "On the Antimonopoly Committee of Ukraine" provide for the obligation of the Antimonopoly Committee of Ukraine, as a body exercising control in the field of public procurement, to make written decisions within its powers, as well as the possibility of appealing against them in court.

The provisions on the review procedure for the procurement procedures set out in the Law of Ukraine "On Public Procurement" are in line with Directive 89/665/EEC.

## INTELLECTUAL PROPERTY



Ukraine's obligations regarding intellectual property are provided for in Chapter 9 "Intellectual Property" of Title IV "Trade and Trade Related Matters" of the Association Agreement.

Under the Association Agreement, the obligations related to the intellectual property provide for simplification of the procedure for the creation and commercial use of innovative and creative products in Ukraine and the EU Member States, and the achievement of an appropriate and effective level of protection and enforcement of intellectual property rights.

## COPYRIGHT AND RELATED RIGHTS

On January 1, 2023, the Law of Ukraine No. 2811-IX "On Copyright and Related Rights" dated December 1, 2022 came into force, which is aimed at regulating relations regarding the acquisition, exercise and protection of personal non-property and property copyright and related rights, and sui generis rights associated with copyright and related rights.

The new version of the Law of Ukraine "On Copyright and Related Rights" was adopted:

- harmonised the provisions of the Civil Code of Ukraine and the Law of Ukraine "On Copyright and Related Rights" with the provisions of the European Union legislation in the part related to ensuring reliable legal protection of copyright and related rights;
- eliminated gaps that impeded the implementation of certain provisions of the current legislation, in particular in terms of ensuring the exercise of the resale right;
- improved the current legislation in terms of addressing issues arising in practice and related to the exercise and protection of copyright and related rights.

Pursuant to the new version of the Law of Ukraine "On Copyright and Related Rights", a number of by-laws were adopted in 2023, namely:

- Resolution of the Cabinet of Ministers of Ukraine No. 1066 dated October 10, 2023 "On approval of the Procedure for protection of personal non-property rights of the author in respect of works that have passed into the public domain in the absence of heirs", developed to determine the mechanism for protecting personal non-property rights of the author whose work has passed into the public domain in the absence of heirs in accordance with the requirements of the Law of Ukraine "On Copyright and Related Rights", taking into account the requirements of other legislative acts, in particular the Law of Ukraine "On Electronic Trust Services";



- Resolution of the Cabinet of Ministers of Ukraine No. 1312 dated December 15, 2023 “On approval of the procedure for acquiring and losing the status of orphan works, phonograms, videograms and performances recorded in them, conditions of their permitted use and maintenance of the register”, developed to define the conditions for acquiring and losing the status of an orphan work, orphan performance, orphan phonogram, orphan videogram, the conditions of their permitted use, as well as to maintain a register of orphan works, performances, phonograms, videograms in accordance with the requirements of the Law of Ukraine “On Copyright and Related Rights”;
- Order of the Ministry of Economy of Ukraine dated August 16, 2023 No. 11319 “On approval of the Procedure for state registration of copyright and contracts relating to property rights to a work”, was developed to harmonise bylaws and regulations on state registration of copyright and contracts, relating to property rights to a work, in accordance with the requirements of the Laws of Ukraine “On Copyright and Related Rights”, “On amendments to certain legislative acts of Ukraine to ensure the conclusion of an agreement between Ukraine and the European Union on mutual recognition of qualified electronic trust services and implementation of the European Union legislation in the field of electronic identification”, and “On sanctions”.

## PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

On April 15, 2023, the Law of Ukraine No. 2974-IX dated March 20, 2023 “On amendments to certain legislative acts of Ukraine regarding strengthening the protection of intellectual property rights” came into force, aimed at implementing the provisions of the Association Agreement into national legislation regarding general obligations, civil measures, procedures and remedies for the protection of intellectual property rights provided for in part three of Chapter 9 of Title IV of the Association Agreement and Directive 2004/48/EC of the European Parliament and of the Council of April 29, 2004 on the enforcement of intellectual property rights.

Bringing the provisions of civil, civil procedural, commercial procedural and intellectual property legislation in line with the obligations undertaken by Ukraine under the Association Agreement will help to achieve the European level of intellectual property rights protection and improve the enforcement of intellectual property rights in court.

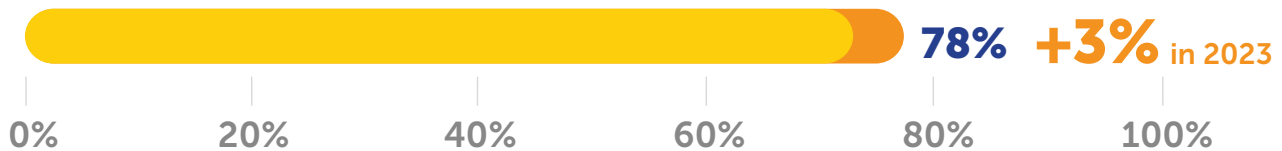
## GEOGRAPHICAL INDICATIONS

In 2023, orders of the Ministry of Agrarian Policy and Food of Ukraine were adopted to implement the Law of Ukraine No. 2572-IX dated September 06, 2022 “On the specifics of legal protection of geographical indications for agricultural products and foodstuffs, protection of rights and application of quality schemes, including traditional guaranteed features for agricultural products and foodstuffs”:

- 1) dated January 26, 2023 No. 68 “On approval of the Procedure for certification of goods with a geographical indication or traditional specialties guaranteed, the form of a certificate of conformity of goods to the specification and the Procedure for consideration of appeals against decisions of certification bodies”;

- 2) dated June 19, 2023, No. 1293 "On approval of the application form for entering information about an enterprise, institution, organisation or their subdivision into the Register of Certification Bodies in the field of geographical indications or traditional specialties guaranteed";
- 3) dated August 31, 2023 No. 1614 "On approval of the Procedure for maintaining the Register of Traditional Specialties Guaranteed";
- 4) dated September 06, 2023, No. 1632 "On approval of the Procedure for preparation and submission of an application for registration of traditional specialties guaranteed, the Rules for consideration of an application for registration of traditional specialties guaranteed, the Requirements for an objection to the registration of traditional specialties guaranteed, the procedure for its submission and consideration, and the form of an application for registration of traditional specialties guaranteed";
- 5) dated September 20, 2023, No. 1692 "On approval of national symbols for agricultural products and food products with registered names of the place of origin, geographical indications, traditional specialties guaranteed, and the Rules for their use and Requirements for them";
- 6) dated November 24, 2023, No. 2036 "On approval of the Requirements for drawing up and submitting an application for the use of a special quality indicator";
- 7) dated December 12, 2023, No. 2150 "On approval of the Procedure for drawing up, submitting and reviewing an application for the start of use of a quality scheme".

## ENERGY EFFICIENCY AND HOUSING AND UTILITY INFRASTRUCTURE



Ukraine's obligations related to energy efficiency and housing and utilities infrastructure are provided for in Chapter 1 "Energy Cooperation including Nuclear Issues" of Title V "Economic and Sectoral Cooperation" of the Association Agreement.

On January 12, 2023, the Verkhovna Rada of Ukraine adopted in the second reading and as a whole the Law of Ukraine No. 2887-IX "On Wastewater Disposal in Settlements".

The Law provides for compliance with the EU requirements for urban wastewater treatment, for wastewater treatment before discharge in vulnerable areas and agglomerations, for the technical and investment programme for urban wastewater treatment in accordance with the EU standards, and for the legislative support of the assessment of the state of wastewater disposal and urban wastewater treatment.

In order to implement the Laws of Ukraine "On Energy Efficiency", "On amending certain laws of Ukraine on conditions for complex thermal modernisation of buildings", and "On Energy Efficiency of Buildings", the following were adopted:

- Order of the Cabinet of Ministers of Ukraine No. 1228-r dated December 29, 2023 "Some issues of strategic development of energy efficiency of buildings", which approved the long-term Strategy for Thermal Modernisation of Buildings until 2050;
- Resolution of the Cabinet of Ministers of Ukraine No. 720 dated July 14, 2023 "On setting the fee for independent verification of energy audit reports at the request of energy audit customer";
- Resolution of the Cabinet of Ministers of Ukraine No. 1068 dated September 10, 2023 "On approval of the list of capital repairs to which the minimum requirements for energy efficiency of buildings do not apply";
- Resolution of the Cabinet of Ministers of Ukraine No. 54 dated January 19, 2024 "On approval of the Procedure for maintaining and publishing a database of extracts from energy audit reports, independent monitoring of extracts from energy audit reports, independent verification of energy audit reports";
- Order of the Ministry of Infrastructure No. 1041 dated November 16, 2023 "On approval of the Procedure for maintaining and publishing the database of energy auditors";
- Order of the Ministry of Infrastructure No. 1006 dated November 02.11.2023 "On approval of the Methodology for setting the annual energy saving target".

### Also developed:

- Draft Resolution of the Cabinet of Ministers of Ukraine "On approval of the sample regulation on the energy management unit in local self-government bodies, on approval of the sample procedure for the use of cost savings resulting from

the operation of the energy management system and on amendments to the Procedure for the implementation of energy management systems approved by Resolution of the Cabinet of Ministers of Ukraine No. 1460 dated December 23, 2021”;

- Draft Resolution of the Cabinet of Ministers of Ukraine “On approval of the Procedure for calculation of the annual energy saving target for obligated parties”;
- Draft Resolution of the Cabinet of Ministers of Ukraine “On approval of the Procedure for monitoring and evaluation of the results of achieving annual energy saving target”;
- Draft Resolution of the Cabinet of Ministers of Ukraine “Some issues of functioning of the National Energy Efficiency Monitoring System”;
- Draft Resolution of the Cabinet of Ministers of Ukraine “On approval of the Procedure for confirming the qualifications of individuals intending to carry out activities related to energy audits of processes and transport, and Qualification requirements for energy auditors of processes and transport”;
- Draft Resolution of the Cabinet of Ministers of Ukraine “On approval of the annual energy saving target”;
- Draft Order of the Ministry of Infrastructure “On approval of the List of eligible energy efficiency measures in buildings under the energy efficiency commitments scheme”;
- Draft Order of the Ministry of Infrastructure “On determining the buildings frequently visited by citizens”;
- Draft Order of the Ministry of Infrastructure of Ukraine “On approval of the Procedure for maintaining the register of state authorities and local self-government bodies that have implemented energy management systems”;
- Draft Order of the Ministry for Communities, Territories and Infrastructure Development of Ukraine “On approval of the Procedure for keeping the register of business entities that have received energy and/or environmental management certificates”.

At the same time, in order to implement the EU provisions on high-performance cogeneration, in particular Directive 2004/8/EC and Directive 2012/27/EU, the Verkhovna Rada of Ukraine adopted the Law of Ukraine No. 2955-IX dated February 24, 2023 “On amendments to the Law of Ukraine “On combined heat and power generation (cogeneration) and use of waste energy potential” regarding the development of high-efficiency cogeneration”.

**In pursuance of this Law, the following were adopted:**

- Resolution of the Cabinet of Ministers of Ukraine dated December 15, 2023 No. 1316 “On approval of the Procedure for qualification of a cogeneration unit”;
- Order of the Ministry of Infrastructure No. 1054 dated November 20, 2023 “On approval of the List of secondary energy resources that can be used for the production of electricity and heat in cogeneration plants”.

A number of other departmental by-laws have been developed and are being finalised:

- Draft Order of the Ministry of Infrastructure “On approval of application forms for installation, certificate of qualification of a cogeneration unit, decision to refuse to issue a certificate and form of submission of technical information about a cogeneration unit”;
- Draft Order of the Ministry of Infrastructure “On approval of the Methodology for determining the efficiency of the cogeneration process.
- Draft Resolution of the Cabinet of Ministers of Ukraine “On approval of the Procedure for granting a guarantee of origin for electricity produced by a high-performance cogeneration unit and the Procedure and form for maintaining an electronic register of guarantees of origin of electricity produced by high-performance cogeneration unit”;
- Draft Order of the Ministry of Infrastructure “On approval of the forms of the guarantee of origin, refusal to provide the guarantee of origin and application for the guarantee of origin”.

## ENERGY LABELING AND ECO-DESIGN

With a view to ensuring full implementation of Ukraine’s obligations under the Association Agreement and the Treaty Establishing Energy Community, Ukraine is implementing an energy labelling system and setting requirements for the eco-design of energy-consuming products in accordance with the updated EU legislation.

As of today, 33 technical regulations on eco-design and 19 technical regulations on energy labelling of energy-consuming products have been adopted.

### **In particular, in 2023, the following were adopted:**

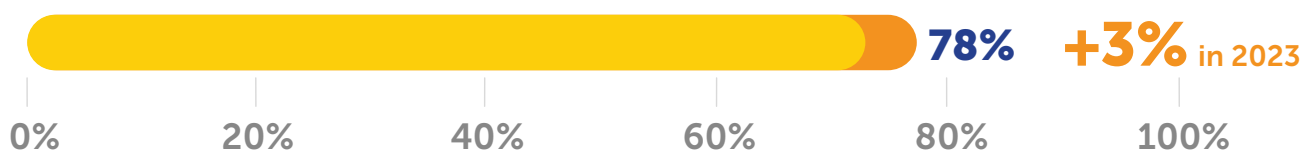
- Resolution of the Cabinet of Ministers of Ukraine No. 834 dated August 08, 2023 “On approval of the technical regulations on eco-design requirements for household washing machines and household washing machines with dryers”;
- Resolution of the Cabinet of Ministers of Ukraine No. 1018 dated September 22, 2023 “On approval of the technical regulations on eco-design requirements for light sources and separate starter control devices”;
- Resolution of the Cabinet of Ministers of Ukraine No. 1263 dated December 1, 2023 “On approval of the technical regulations on eco-design requirements for refrigerators”;
- Resolution of the Cabinet of Ministers of Ukraine No. 3 dated January 03, 2024 “On approval of the technical regulations on eco-design requirements for household dishwashers”;
- Order of the Ministry of Infrastructure No. 795 dated September 08, 2023 “On approval of the technical regulations on energy labelling of household dishwashers”;
- Order of the Ministry of Infrastructure No. 796 dated September 08, 2023 “On approval of the technical regulations on energy labelling of refrigeration appliances”;

- Order of the Ministry of Infrastructure No. 991 dated December 11, 2023 “On approval of the technical regulations on energy labelling of household washing machines and household washing with dryers”.

**The following regulations have also been developed:**

- Draft Resolution of the Cabinet of Ministers of Ukraine “On approval of the technical regulation on eco-design requirements for electronic displays”;
- Draft Resolution of the Cabinet of Ministers of Ukraine “On approval of the technical regulations on eco-design requirements for welding equipment”;
- Draft Resolution of the Cabinet of Ministers of Ukraine “On approval of the technical regulation on eco-design requirements for electric motors and variable speed drives”;
- Draft Order of the Ministry of Infrastructure “On approval of the technical regulations on energy labelling of light sources”;
- Draft Order of the Ministry of Infrastructure “On approval of the technical regulations on energy labelling of electronic displays”.

## ENERGY



Ukraine's obligations in the energy sector are envisaged in Chapter 1 «Energy cooperation including nuclear issues» of Title V «Economic and Sectoral Cooperation» of the Association Agreement. Approximation with the EU energy legislation is done in accordance with Annex XXVII to the Association Agreement and within the framework of the obligations under the Treaty Establishing Energy Community.

## ELECTRICITY SECTOR

Despite the full-scale military aggression of the Russian Federation against Ukraine, the state policy in the electricity sector was implemented in 2023.

On December 14, 2023, the European Network of Transmission System Operators for Electricity (ENTSO-E) confirmed that NPC Ukrenergo had met all technical requirements set out in the Agreement on the Future Interconnection of the Power System of Ukraine and Continental Europe to complete the synchronisation of Ukrainian and European power systems, and from January 1, 2024, Ukrainian transmission system operator NPC Ukrenergo received the status of a full member of the European Network of Transmission System Operators for Electricity (ENTSO-E).

On June 10, 2023, in order to implement Regulation (EU) No. 1227/2011 on the wholesale energy market integrity and transparency (REMIT), the Verkhovna Rada of Ukraine adopted Law of Ukraine No. 3141-IX «On amendments to certain laws of Ukraine on the prevention of abuse in the wholesale energy markets», which provides for the liability of participants for manipulation in the wholesale energy markets. To date, the first package of secondary legislation has been adopted and the second is being prepared.

In addition, the following regulations were adopted to implement the requirements of Commission Regulation (EU) No. 2016/1719 establishing a guideline on forward capacity allocation and to enable coordinated capacity allocation auctions:

- NEURC Resolution No. 1295 dated July 13, 2023 «On approval of the Procedure for public consultations by the transmission system operator when developing rules for allocating the capacity of interstate crossings and setting the structure of capacity allocation»;
- NEURC Resolution No. 1557 dated August 25, 2023 «On approval of the rules for allocating the capacity of Ukraine-Romania interstate crossings»;
- NEURC Resolution No. 1558 dated August 25, 2023 «On approval of the structure of capacity allocation for Ukraine-Poland interstate crossing»;
- NEURC Resolution No. 1559 dated August 25, 2023 «On approval of the structure of capacity allocation for Ukraine-Romania interstate crossing»;

- NEURC Resolution No. 1682 dated September 12, 2023 «On approval of the structure of capacity allocation for Ukraine-Slovakia interstate crossing»;
- NEURC Resolution No. 1683 dated September 12, 2023 «On approval of the rules for allocating the capacity of Ukraine-Poland, Ukraine-Slovakia and Ukraine-Hungary interstate crossings»;
- NEURC Resolution No. 1881 dated October 10, 2023 «On approval of the structure of capacity allocation for Ukraine-Hungary interstate crossing».

At the same time, in 2023 in order to bring the regulatory framework in line with the EU Regulations and Directives (Regulation No. 2019/941, Regulation No. 2019/942, Regulation No. 2019/943, Commission Regulation No. 2015/1222, Commission Regulation No. 2016/1719, Commission Regulation No. 2017/2195, Commission Regulation (EU) No. 2017/2196, Commission Regulation (EU) No. 2017/1485, Directive (EU) 2019/944) incorporated into the Energy Community legislation (Electricity Integration Package), a number of regulations have been developed. A working group is currently being set up to discuss and finalise them.

In order to implement the provisions of Directive 2009/72/EC concerning common rules for the internal market in electricity, the draft Law of Ukraine «On amendments to the Law of Ukraine «On the Electricity Market» regarding the regulation of issues related to the security of electricity supply» was developed.

## OIL AND GAS SECTOR

In pursuance of Directive 2009/119/EC imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products, Law of Ukraine No. 3484-IX «On minimum stocks of oil and petroleum products» was adopted in 2023. The Law was developed to increase the level of energy security of the state by ensuring continuous supply of oil and oil products to the domestic market of Ukraine in the event of a crisis in the oil and oil products market. Work has now started on the development of the necessary regulations to create and implement a comprehensive system for monitoring the oil and oil products market using an electronic oil and oil products market reporting system.

Creation of minimum stocks of oil and oil products for the country is one of the important elements of the country's energy independence, as it provides for the formation of minimum stocks of oil and oil products in the amount of up to 90 days of average daily net imports or 61 days of average daily domestic consumption in case of emergency situations, which is a key obligation under Council Directive 2019/119/EU.

## ENERGY INFRASTRUCTURE

In order to implement the requirements of Regulation (EU) No 347/2013 on guidelines for trans-European energy infrastructure, the Draft Law of Ukraine «On projects of national interest in the energy sector» (Reg. No. 9138 of March 22, 2023) has been developed.



The draft law provides for the introduction of a clear and transparent procedure for implementing projects of national interest in the energy sector, will contribute to the sustainable development of Ukraine's energy infrastructure, reliable and uninterrupted energy supplies, Ukraine's integration into the European Union's energy space, and development of equal and mutually beneficial relations with other states.

The draft law also partially takes into account the provisions of Regulation 2022/869 on guidelines for trans-European energy infrastructure, adopted on 14 December 2023 by the Energy Community Ministerial Council.

## RENEWABLE ENERGY SOURCES

In order to implement Directive 2018/2021 on promotion of the use of energy from renewable sources, Law No. 3220-IX «On amendments to certain laws of Ukraine on the renewable and green transformation of the energy system of Ukraine» was adopted in 2023, which introduces new rules in the renewable energy market.

In particular, the Law provides for: the introduction of guarantees of the origin of electricity produced from renewable sources, and a net billing system to stimulate the development of small distributed generation from alternative energy sources by consumers; stimulating the development of the segment of direct sales and purchase agreements for electricity produced from alternative sources; introduction of a market-based support model (Feed-in-Premium), etc. Secondary legislation is being developed.

A draft Concept of the State Economic Programme to Stimulate the Development of Distributed Electricity Generation from Renewable Energy Sources until 2030 has also been developed.

## COAL INDUSTRY

Currently, given the continuation of martial law and ongoing difficulties experienced by coal mining enterprises, generally unknown extent of damage and total cost of recovery, it is impossible to assess the condition and sometimes the feasibility of repairing or recovering some damaged/destroyed facilities. It will only be possible to assess the condition of the mines and decide on their future after a thorough inspection by an expert working group after the end of hostilities.

In order to reform the coal sector, the Concept for Coal Industry Reform and an action plan for its implementation were developed. However, due to the full-scale armed aggression of the Russian Federation, some coal mining enterprises were destroyed, completely or partially cut off from power supply/flooded/captured by the enemy. Thus, the development of the Concept for Coal Industry Reform Programme can only continue after the end of active hostilities.

At the same time, in accordance with the Concept of the State Target Programme for the Just Transition of Ukraine's Coal Regions until 2030 approved by the Government in 2021, the development of the project for the liquidation of Velykomostivska mine (Chervonohrad, Lviv region) was launched in 2023 with the support of the German Government, which, together with the conclusions of the environmental impact assessment and comprehensive state expertise, will be submitted by the end of 2024.

## NUCLEAR ENERGY

The issues of cooperation in nuclear safety are envisaged by the Association Agreement in Article 342 and updated Annex XXVIII (section «Nuclear Energy»), which includes the implementation of the provisions of the following directives: Council Directive 2013/59/Euratom, Council Directive 2006/117/Euratom, Council Directive 2014/87/Euratom, Council Directive 2009/71/Euratom and Council Directive 2011/70/Euratom.

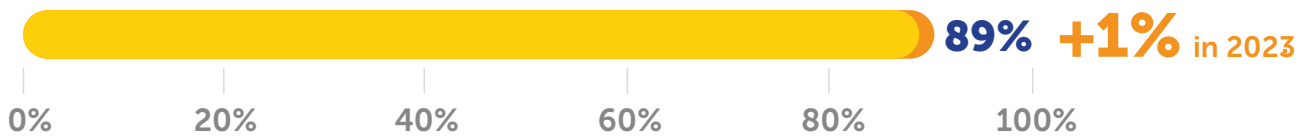
As a result of the implementation of legislative initiatives prepared within the framework of harmonisation of the national legislation of Ukraine in nuclear energy safety with the provisions of the EU acquis, the following documents were adopted in 2023:

- Law of Ukraine No. 3344-IX dated August 23, 2023 «On amendments to certain laws of Ukraine on protection of humans from ionising radiation», as part of the implementation of Council Directive 2013/59/Euratom, which aims to introduce a system of radiation protection of personnel and the public in situations of exposure, taking into account the provisions of EU law and the experience gained in state regulation of nuclear and radiation safety;
- Resolution of the Cabinet of Ministers of Ukraine No. 268 dated March 10, 2023 «On amendments to the Regulation on the State Nuclear Regulatory Inspectorate of Ukraine», which expanded the SNRIU's powers and aligned them with the relevant provisions of Council Directives 2014/87/Euratom and 2013/59/Euratom.

A draft Law of Ukraine «On the National Nuclear Regulatory Commission» has been developed, which aims to consolidate the status of the state nuclear and radiation safety regulatory authority as a central executive body with a special status at the legislative level, which will serve to increase the efficiency of its activities and independence in making regulatory decisions.

Also, on September 28, 2023, at the session of the IAEA General Conference, Ukraine joined the Board of Governors of the International Atomic Energy Agency (IAEA).

## TAXATION



### APPROXIMATION OF NATIONAL TAX LEGISLATION TO THE EU ACQUIS

In accordance with the agreements reached at the 6th meeting of Cluster 2 of the Subcommittee on Economic and Other Sectoral Cooperation of the EU-Ukraine Association Committee (February 15, 2023) on the implementation of the provisions of Council Directive 92/83/EEC of October 19, 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages, the comparative tables on implementation were updated and re-sent to the EU Party (EU Delegation to Ukraine) and the Mission of Ukraine to the EU on November 28, 2023:

- Council Directive 92/83/EEC of October 19, 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages;
- Article 1 of Council Directive (EU) 2020/262 of December 19, 2019 laying down the general arrangements for excise duty (replacing Council Directive 2008/118/EC of December 16, 2008 concerning the general arrangements for excise duty, which has expired).

On November 28, 2023, within the framework of the dialogue with the EU Party on energy products, comments and clarifications to the comparative table on the implementation of the provisions of Council Directive 2003/96/EC of October 27, 2003 restructuring the Community framework for the taxation of energy products and electricity were re-sent to the EU Delegation to be submitted to the EU Party.

### IMPLEMENTATION OF INTERNATIONAL STANDARDS OF EXCHANGE OF INFORMATION FOR TAX PURPOSES

Ukraine has made significant progress in implementing international standards of exchange of information for tax purposes, which will increase the level of international administrative cooperation between the tax authorities of the EU member states and Ukraine and help prevent tax evasion.

#### **In the reporting period, the following was ensured:**

- compliance of national legislation with the requirements of international standards for the exchange of information for tax purposes (compliance with certain EU Council Directives) (On March 20, 2023, the Verkhovna Rada of Ukraine adopted the Law of Ukraine No. 2970-IX "On amendments to the Tax Code of Ukraine and other legislative acts of Ukraine regarding the implementation of the international standard for the automatic exchange of information on financial accounts", developed with the aim of implementing by Ukraine the Common Reporting Standard and due diligence of financial accounts, which provides for annual international automatic exchange of data on financial accounts);
- Ukraine's accession to the international system of automatic exchange of information by signing the relevant international multilateral agreements (MCAA

CRS - Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information and MCAA CbC - Multilateral Competent Authority Agreement on the Exchange of Country-By-Country Reports);

- administrative and IT capacity of the competent authority of Ukraine to perform automatic exchange with foreign jurisdictions.

The first exchange of information on financial accounts in accordance with the CRS Common Reporting Standard will take place in 2024.

## NATIONAL REVENUE STRATEGY UNTIL 2030

The Cabinet of Ministers of Ukraine approved the National Revenue Strategy until 2030 by Resolution No. 1218-p dated December 27, 2023, which, inter alia, provides for measures to reform tax policy and tax administration in 2025-2027, which will be in line with the Schedule of fulfilment of the EU accession obligations, once approved.

### **The measures include, in particular:**

- bringing VAT in line with the EU legislation by abolishing reduced rates and exemptions that are not provided for in Council Directive 2006/112/EC of November 28, 2006 on the common system of value added tax;
- raising excise taxes on fuel, alcoholic beverages and tobacco products to the EU minimum rates;
- ensuring integration with European VAT systems, VAT refunds, and monitoring of excise goods (Excise Movement and Control System).

## PARTICIPATION IN THE EU'S FISCALIS PROGRAMME

Ukraine has become a member of the EU Fiscalis programme (the Agreement was ratified by Law No. 3177-IX dated June 29, 2023).

The main objective of the European Union's Fiscalis programme for tax cooperation is to facilitate cooperation between participating countries and their tax administrations in the fight against tax fraud, tax evasion and aggressive tax planning.

## STATISTICS AND INFORMATION EXCHANGE



The Government of Ukraine has approved the Official Statistics Development Programme until 2028 (hereinafter referred to as the 2028 Programme) (Resolution of the Cabinet of Ministers of Ukraine No. 989 dated September 15, 2023). This is a strategic document that is developed every 5 years and provides for measures to ensure the implementation of the EU acquis in the field of statistics contained in the EU Statistical Requirements Compendium.

The main directions of the 2028 Programme are as follows:

- harmonisation of the national statistical system with international and European norms and standards;
- digital transformation;
- openness and accessibility of statistical information.

In order to promote the development of an effective and professionally independent national statistical system, the Cabinet of Ministers of Ukraine established the National Statistics Council by Resolution No. 1039 dated September 29, 2023, and approved its Regulations.

The main tasks of the National Council are:

- 1) to facilitate coordination of actions of executive authorities that make up the national statistical system and other producers of official statistics on the issues of efficient, professionally independent production of official state statistical information;
- 2) preparation of proposals on strategic development of official statistics for consideration of their inclusion in the long-term programme of official statistics development aimed at meeting the information needs of the society;
- 3) assessing the implementation of the long-term programme for the official statistics development;
- 4) assessing the state of compliance with the principles of official statistics and providing recommendations on such issues.

In order to bring national statistical practice in line with the EU standards and requirements, and to ensure the implementation of the EU acquis into Ukrainian legislation, the State Statistics Service of Ukraine (hereinafter referred to as the "SSSU") continued to develop, update and improve methodological provisions and reporting and statistical documentation of state statistical observations (SSOs) in 2023.

Also, starting from 2023, taking into account Commission Recommendation (EU)

No. 2023/397 of February 17, 2023 on statistical data and metadata standards, the following European standard is being implemented in the national statistical system - the Single Integrated Metadata Structure (SIMS) in state statistics agencies to improve reporting on the quality of SSO (in accordance with the Regulation on the preparation of a standard report on the quality of state statistical observation taking into account the Single Integrated Metadata Structure (SIMS) and the Procedure for the preparation of a standard report on the quality of state statistical observation).

In 2023, the quality reports of 29 SSOs (one third of all state statistical observations) were brought in line with the above European standard.

In addition, the following documents entered into force in 2023:

- The Policy for Dissemination of Official State Statistical Information (Order of the State Statistics Service of Ukraine No. 335 dated December 21, 2022, registered with the Ministry of Justice of Ukraine on January 24, 2023 under No. 155/39211), which was developed in accordance with the Laws of Ukraine "On Official Statistics", "On Information", "On Access to Public Information", taking into account the basic requirements of the UN Fundamental Principles of Official Statistics and the European Statistics Code of Practice.
- The Procedure for Granting Access to Microdata (Order of the State Statistics Service of Ukraine dated December 21, 2022, No. 338, registered with the Ministry of Justice of Ukraine on January 30, 2023, No. 185/39241), which defines the general rules and conditions under which the State Statistics Service of Ukraine may grant access to microdata for research purposes and to fulfil Ukraine's obligations under international agreements.

In order to improve the model for calculating the size of the population of Ukraine in the absence of administrative and census data, taking into account international experience and expertise, the State Statistics Service actively cooperated with the United Nations Population Fund (UNFPA) within the framework of the international technical assistance project "Support to the State Statistics Service of Ukraine in conducting population estimates in Ukraine". The main objective of the project is to facilitate the estimate of the size of the population of Ukraine based on modern calculation models using data from mobile electronic communication service providers.

Together with the Ptoukha Institute for Demography and Social Studies, the National Academy of Sciences of Ukraine developed the Methodology for Estimating the Population Size Based on Mobile Operators' Data (Methodology) which was approved by the Order of the State Statistics Service of Ukraine of July 10, 2023 No. 236.

With the financial support of UNFPA, the State Statistics Service made experimental calculations to estimate the population for 2021-2022 based on data from mobile operators. The results of the calculations indicate that the population size and distribution estimates obtained on the basis of the Methodology can be used as proxies for relevant statistical indicators.

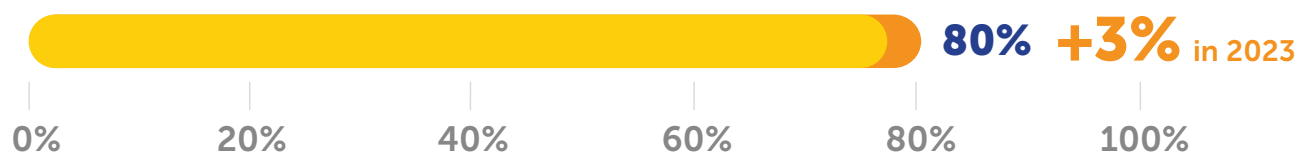
In order to improve the transmission of information to Eurostat in accordance with the EU requirements and standards, the SSU continued to implement the necessary European norms.

In particular, in 2023 for the first time, Ukraine joined the event for candidate and

potential candidate countries to monitor compliance with the EU statistical legislation, which is annually conducted by Eurostat using the ESS Metadata Handler (ESS-MH) on the eDAMIS platform that allows collecting, verifying and disseminating national and European reports in accordance with the European Statistical System metadata standards. The information base of this Tool is the EU Statistical Requirements Compendium (Compendium), which is updated annually and is the Annex XXIX to the Association Agreement and, accordingly, its integral part.

In order to ensure the compilation of internationally comparable statistics, application of international statistical standards in practice, and to gain necessary experience and statistical know-how, the SSU participated in international events, in particular, annual plenary sessions of the UN Statistical Commission and the Conference of European Statisticians, International Conference of Labour Statisticians, Global Conference of SDMX, in the activities and meetings of various working and expert groups on sectoral issues (WG/EG/TGs), training courses, seminars/webinars, workshops, etc. conducted by international organisations and/or their regional offices (UN bodies, UNECE, Eurostat, IMF/JVI, OECD, BSEC, etc.), and statistical agencies of other countries.

## ENVIRONMENT AND CIVIL PROTECTION



### ENVIRONMENT

In order to implement the Association Agreement and approximate national legislation to the EU environmental law, the following laws were adopted in 2023:

1. "On amendments to certain legislative acts of Ukraine regarding the state system of environmental monitoring, information on the state of the environment (environmental information) and information support for environmental management" (No. 2973-IX of March 20, 2023), which provides for the establishment and operation of a central reference laboratory for air quality monitoring in accordance with the European standards.
2. "On amendments to certain laws of Ukraine regarding the improvement and digitalisation of the environmental impact assessment procedure" (July 13, 2023, No. 3227-IX), which introduced consultations on the environmental impact assessment report with other executive authorities and local self-government bodies in accordance with their powers on environmental issues.
3. "On Ukraine's accession to the Minamata Convention on Mercury" (No. 3116-IX of May 29, 2023) to ensure legal regulation of mercury management, trade restrictions and gradual phase-out of mercury, and termination of technological processes and the use of certain products containing mercury.
4. "On ratification of the Nagoya - Kuala Lumpur Supplementary Protocol on Liability and Redress to the Cartagena Protocol on Biosafety" (June 10, 2023, No. 3150-IX) to promote the conservation and sustainable use of biological diversity, taking into account risks to human health, by introducing international rules and procedures in the field of liability and redress related to living modified organisms.
5. "On ratification of the International Labour Organization Convention No. 170 on safety in the use of chemicals at work" (No. 3248-IX of July 13, 2023), aimed at improving organisational support for the management of chemicals, preventing accidents, protecting workers from the harmful effects of chemicals and reducing their negative impact.

In order to implement the Protocol on Pollutant Release and Transfer Registers to the Convention on Access to information, public participation in decision-making and access to justice in environmental matters (Aarhus Convention), Regulation (EC) 166/2006 of the European Parliament and of the Council dated January 18, 2006 concerning the establishment of a European Pollutant Release and Transfer Register and amending Council Directives 91/689/EEC and 96/61/EC, as well as Commission Decision (EU) 2019/1741 of September 23, 2019, which sets out the format and frequency of data to be provided by Member States for the purposes of reporting under Regulation (EC)



166/2006, during 2023 the Cabinet of Ministers of Ukraine adopted resolutions:

- No. 352 dated April 18, 2023 "On approval of the Procedure for compiling and publishing the report by the authorised body on release and transfer of pollutants and waste";
- No. 560 dated June 02, 2023 "On approval of the Procedure for maintaining the National of Pollutant Release and Transfers Register".

These documents establish the format and frequency of data submission, define the mechanism for maintaining the National Register, filling it with data on release and transfers of pollutants and waste from facilities and diffuse sources located in Ukraine, and providing access to the above register.

In addition, in 2023, the Cabinet of Ministers of Ukraine adopted resolutions:

- No. 430 "On approval of the Procedure for maintaining the Unified Register of Strategic Environmental Assessment" dated May 02, 2023 to digitalise the strategic environmental assessment procedure;
- No. 1203 of November 14, 2023 "On amendments to certain resolutions of the Cabinet of Ministers of Ukraine on monitoring, reporting and verification of greenhouse gas emissions".

## WASTE MANAGEMENT

Pursuant to the Law of Ukraine "On Waste Management", developed in accordance with Directive 2008/98/EC of the European Parliament and of the Council of November 19, 2008 on waste and repealing certain directives, which launched the reform of waste management in Ukraine, a number of regulations were adopted to comply with the requirements of the law and international obligations, including resolutions of the Cabinet of Ministers of Ukraine:

- No. 667 of June 30, 2023 "On approval of the Procedure for the development and approval of regional waste management plans";
- No. 827 of August 08, 2023 "Some issues of announcing the termination of waste status";
- No. 876 of August 19, 2023 "On amendments to the Resolution of the Cabinet of Ministers of Ukraine of May 7, 2022 No. 556 "Some issues of submitting a waste declaration";
- No. 947 of September 05, 2023 "On approval of the Procedure for the development, alignment and approval of local waste management plans";
- No. 1137 dated October 31, 2023 "On amendments to Annex 2 to the Resolution of the Cabinet of Ministers of Ukraine No. 314 dated March 18, 2022 "Some issues of ensuring the conduct of economic activity under martial law";
- No. 1102 of October 20, 2023 "On approval of the Waste Classification Procedure and the National List of Wastes";
- No. 1166 of November 07, 2023 "On approval of the Procedure for monitoring of waste treatment facilities";

- No. 1214 of November 17, 2023 "Some issues of classification of substances or objects as by-products";
- No. 1278 of December 05, 2023 "On approval of the licensing conditions for economic activities in hazardous waste management";
- No. 1279 of December 05, 2023 "On approval of the Procedure for the establishment and administration of the waste management information system";
- No. 1328 of December 19, 2023 "On approval of the Procedure for issuing, refusing to issue, revoking permits for waste processing";
- No. 695 of July 07, 2023 "Some issues of implementation of investment programmes in household waste management";
- No. 721 dated July 14, 2023 "On approval of the Procedure for crediting funds to special accounts for the implementation of investment programmes in household waste management, use of these funds and control over their spending";
- No. 733 of July 18, 2023 "On amendments to certain resolutions of the Cabinet of Ministers of Ukraine on household waste management";
- No. 835 dated August 08, 2023 "On approval of the Rules for the provision of household waste management services and standard contracts for the provision of household waste management services";
- No. 918 dated August 25, 2023 "On approval of the procedure for holding a tender for the collection and transportation of household waste";
- No. 941 dated September 05, 2023 "On approval of the procedure for determining business entities engaged in the recycling and disposal of household waste";
- No. 1031 dated September 26, 2023 "On approval of the Procedure for setting a weighted average tariff for household waste management services, and tariffs for the collection, transportation, recycling and disposal of household waste".

## WATER POLICY

In pursuance of the operational implementation plan for 2022-2024 of the Water Strategy of Ukraine until 2050, approved by the Cabinet of Ministers of Ukraine by Order No. 1134-r dated December 09, 2022, the Ministry of Environment by Order No. 407 dated June 09, 2023 approved the composition of the Interagency Working Group on Water Policy to coordinate the implementation of the Water Strategy of Ukraine until 2050 and its regulations. The Methodology for measuring surface and groundwater waterbodies, approved by Order No. 4 of the Ministry of Ecology and Natural Resources of January 14, 2019, was also amended in terms of determining significantly changed surface water bodies.

In 2023, the state water monitoring programme was implemented (in terms of diagnostic and operational monitoring of surface water bodies). The monitoring covered 84% of observation points, taking into account the situation of war.

With a view to implementing the requirements of Directive 2000/60/EC of the European Parliament and of the Council of October 23, 2000 establishing a framework

for Community action in the field of water policy (EU Water Framework Directive), nine draft river basin management plans (hereinafter referred to as RBMPs) have been developed for the Danube, Dniester, Dnipro, Don, Southern Bug, Wisla, Azov, Pryazov and Black Sea and Crimean rivers, and the procedure for strategic environmental assessment and public discussion of RBMPs has already been launched.

## AMBIENT AIR

In order to ensure a unified approach to the development of air quality improvement plans and short-term action plans, the Ministry of Environment approved Methodological Recommendations on the content and procedure for developing air quality improvement plans and short-term action plans by Order No. 203 dated April 06, 2023.

In November 2023, as part of the European Commission's TAIEX technical assistance instrument "Informing the public about air quality in accordance with the EU Directives", the Ministry exchanged experience with experts from the Finnish Meteorological Institute on developing a methodological framework for creating an approach to determining a single air quality index in Ukraine.

In order to ensure technical capability to implement the requirements of Directive 2008/50/EC of May 21, 2008 on ambient air quality, monitoring, analytical instruments and equipment were procured in 2023 to upgrade chemical laboratories and basic air pollution monitoring network (15 units).

## FORESTRY

In order to establish the legal and organisational framework for the production and circulation of forest reproductive material in Ukraine, its import and export, the Verkhovna Rada of Ukraine is considering a draft law on forest reproductive resources (Reg. No. 9116 of March 17, 2023). The draft law envisages the introduction of a mechanism for the harvesting and sale of forest seeds and planting material adapted to the requirements of the EU directives on the circulation of forest reproductive material, its labelling and packaging, in particular Directive 1999/105/EU.

## SUBSOIL

A separate area of cooperation between Ukraine and the EU is cooperation within the framework of the Memorandum of Understanding between Ukraine and the EU on Strategic Partnership on Raw Materials (hereinafter - the Memorandum) of July 13, 2021.

The implementation of the tasks envisaged by the Roadmap for 2023-2024 under the Memorandum, which includes 16 goals and 21 tasks, is currently underway.

The main priority areas of work in 2023 are:

- cooperation to improve the legal, regulatory and administrative framework that stimulates the development of extractive industries in line with the Ukraine's

Strategy for Extractive Industries until 2030;

- modernisation of upstream and downstream processes and technologies;
- supporting the raw materials circular economy through efficient use and increased recycling of critical materials;
- decarbonisation of the extractive industry through the use of green energy and digitalisation of industry.

## CIVIL PROTECTION

On April 20, 2023, an Agreement was signed between Ukraine, of the one party, and the European Union, of the other party, on Ukraine's participation in the Union's Civil Protection Mechanism. With the ratification of this Agreement, Ukraine became a full participant in the EU Civil Protection Mechanism.

Order No. 959 of the SESU of November 29, 2023 approved the Action Plan for 2023-2024 for the Implementation of the Agreement between Ukraine, of the one party, and the European Union, of the other party, on Ukraine's participation in the Union's Civil Protection Mechanism. Order of the SESU of Ukraine No. 973 dated December 06, 2023 introduced amendments to the staffing schedule of the Office for Cooperation with the EU Civil Protection Mechanism.

Since 2023, representatives of the SESU have been undergoing training at the Emergency Response Coordination Centre to deepen cooperation with the EU Civil Protection Mechanism.

In order to implement the provisions of Directive 2012/18/EU of July 4, 2012 on the control of major-accident hazards involving dangerous substances, amending and subsequently repealing Council Directive 96/82/EC, the Cabinet of Ministers of Ukraine adopted Resolution No. 690 of July 07, 2023 "Some issues of ensuring the functioning and maintenance of the State Electronic Register of Highly Hazardous Objects".

Furthermore, pursuant to the Law of Ukraine "On amendments to certain legislative acts of Ukraine regarding high-risk facilities", the following documents were adopted:

- Order of the Ministry of Internal Affairs of Ukraine dated February 21, 2023 No. 114 "On approval of the Procedure for developing a report on safety measures at a high-risk facility";
- Order of the Ministry of Internal Affairs of Ukraine No. 115 dated February 21, 2023 "On approval of the Procedure for developing a policy for preventing accidents at a high-risk facility".

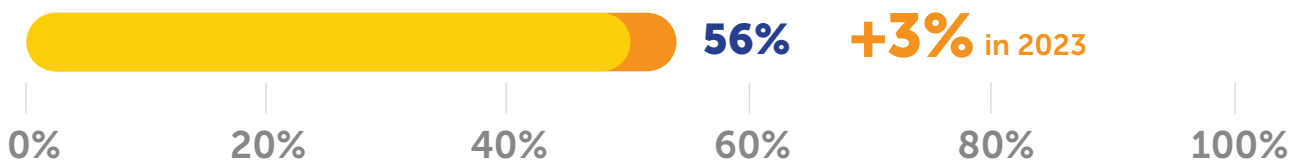
As part of the implementation of Council Directive 2013/59/Euratom of December 5, 2013 laying down basic safety standards for protection against the dangers arising from exposure to ionising radiation, and repealing Directives 89/618/Euratom, 90/641/Euratom, 96/29/Euratom, 97/43/Euratom and 2003/122/Euratom, the Law of Ukraine "On amendments to certain laws of Ukraine on protection of humans from ionising radiation" of August 23, 2023 was adopted. The law aims to introduce a system of radiation protection of personnel and the public in exposure situations, taking into

account the EU law and the experience gained in state regulation of nuclear and radiation safety.

In pursuance of the task of implementing projects under the Chornobyl Shelter Fund, the implementation of the action plan is underway. The plan was developed in accordance with the Memorandum of Understanding signed on December 20, 1995 between the Government of Ukraine and the Governments of the G7 countries and the European Commission on the closure of the Chornobyl NPP. Stabilisation activities and measures for the final commissioning of the new safe confinement were completed. In preparation for the removal of fuel-containing materials and long-lived radioactive waste, the state investment project "Implementation of the Second Launch Complex of the New Safe Confinement and Reconstruction of the Shelter" is being implemented.

In order to implement the requirements of Council Directive 2011/70/Euratom of July 19, 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste, the State Agency of Ukraine on Exclusion Zone Management developed the draft Law of Ukraine "On the National Target Environmental Programme for Radioactive Waste Management", which is undergoing the procedure of approval by the interested authorities. The purpose of the programme is to create and ensure the effective functioning of an integrated system of safe and efficient radioactive waste management in Ukraine aimed at protecting the life and health of personnel, the public and the environment.

## TRANSPORT, TRANSPORT INFRASTRUCTURE, POSTAL AND COURIER SERVICES, DIGITAL INTEGRATION



### SOLIDARITY LANES

During the full-scale war and before the grain corridor was launched, the initiative was the only way to export Ukrainian goods to the rest of the world, and the only way to import all the goods Ukraine needed, such as fuel and humanitarian aid, fertilisers, medicines, etc.

At the same time, following the breach by Russia of the Initiative on the Safe Transportation of Grain and Foodstuffs from Ukrainian Ports (the "Grain Initiative") and its unilateral withdrawal from the initiative, thanks to the Ukrainian Defence Forces and guided by the provisions of Articles 22 and 87 of the United Nations Convention on the Law of the Sea (1982), Rules 9 and 10 of Chapter V of the 1974 Convention for the Safety of Life at Sea, a recommended temporary sea route was established, and information about it was communicated to the International Maritime Organization, Bulgaria, Romania and Turkey.

Since the start of operation of the temporary corridor (since September 2023), more than 20 million tonnes of cargo have been exported, of which 14.1 million tonnes were agricultural products.

In total, 45.6 million tonnes of grain cargo were handled in Ukrainian seaports in 2023, including 20 million tonnes by the ports of the Danube region and 25.5 million tonnes by the Greater Odesa ports.

### TRANS-EUROPEAN TRANSPORT NETWORK

On December 22, 2023, a high-level understanding was signed between Ukraine and the European Union on the indicative maps of the Trans-European Transport Network (TEN-T) in Ukraine, which will ensure the inclusion in TEN-T of new routes leading to the borders with the EU member states, as well as to the Republic of Moldova.

Inclusion of the routes to the TEN-T maps provides access to the EU's financial instruments for the implementation of infrastructure projects on the relevant sections, in particular, under the EU's Connecting Europe Facility (CEF), which will be key to improving transport links with the European Union by including Ukraine in trans-European networks.

On June 6, 2023, in Lviv, Ukraine and the European Union signed an Agreement on Ukraine's participation in the EU's Connecting Europe Facility (CEF), which will allow Ukraine to attract the EU's funding for the development of transportation arteries and support for sustainable trans-European networks in transport, energy and digital services.

As part of the CEF Call 2022 programme, the relevant grant agreements have been

signed to finance the implementation of six western border development projects. The projects are aimed at modernising road and railway checkpoints, access roads, truck parking areas, and purchasing equipment for customs and border control.

## INLAND WATERWAY AND INTERNATIONAL MARITIME TRANSPORT

A number of regulations were adopted based on the EU legislation and in accordance with Ukraine's obligations under the Association Agreement:

- Order of the Ministry of Infrastructure No. 956 dated October 17, 2023 "On approval of the Rules for registration of operations with harmful substances on ships, in sea and river ports and terminals";
- Order of the Ministry of Infrastructure No. 1030 dated November 10, 2023 "On approval of the Procedure for authorisation of a classification society (recognised organisation) to supervise the implementation of the requirements established by the legislation of Ukraine and international treaties of Ukraine on merchant shipping on seagoing vessels";
- Order of the Ministry of Infrastructure No. 177 dated March 24, 2023 "On amendments to the Charter of the State Enterprise Ukrvodshlyakh";
- Order of the Ministry of Infrastructure No. 462 dated May 30, 2023 "On approval of the Regulation on the River Information Service".

At the same time, the draft Law of Ukraine "On amendments to certain legislative acts of Ukraine regarding merchant shipping and navigation on inland waterways" was developed.

Also, the draft Laws of Ukraine "On amendments to certain legislative acts of Ukraine regarding the regulation of activities in life safety and search and rescue at sea" and "On amendments to Article 284 of the Criminal Code of Ukraine regarding the liability of ship captains for failure to provide assistance to people in distress or who have suffered distress" (registration No. 9283 and No. 9284 respectively dated May 10, 2023).

## POSTAL SERVICES

In order to bring regulations in line with the Law of Ukraine No. 2722-IX "On Postal Service", the following documents were adopted:

- Order of the Ministry of Infrastructure No. 430 dated May 22, 2023 "On determining the designated postal service operator", registered with the Ministry of Justice of Ukraine on June 29, 2023 under No. 1101/40157;
- Resolution of the Cabinet of Ministers of Ukraine dated October 10, 2023 No. 1071 "On amendments to the Rules for the provision of postal services".

## ROAD TRANSPORT

On March 16, 2023, during the first meeting of the Joint Committee set up pursuant to the EU-Ukraine Agreement on carriage of freight by road (the "Agreement"), in accordance with Article 7(6), the Rules and Procedures of the joint committee were adopted, which authorise the Joint Committee to decide on the extension of the Agreement.

In addition, the meeting adopted a decision to extend the Agreement until June 30, 2024, and the Heads of Delegations of the Ukrainian and the EU Parties signed it. The decision of the Joint Committee came into force on the day of its adoption.

On December 18, 2023, a regular meeting of the Joint Committee was held, during which the EU Party stressed the importance of the Agreement and its firm intention to extend it beyond 30 June 2024. This decision is to be adopted at the next meeting of the Joint Committee.



## SCIENCE, TECHNOLOGY AND INNOVATIONS, SPACE



Ukraine is an associate member of the EU's Horizon Europe framework programme for research and innovation.

The Verkhovna Rada of Ukraine adopted:

- The Law of Ukraine "On amendments to certain laws of Ukraine regarding priority areas of development of science, technology and innovation activities" (No. 3534-IX dated December 21, 2023).

The Government adopted resolutions of the Cabinet of Ministers of Ukraine:

- No. 742 of July 04, 2023 "On amendments to some resolutions of the Cabinet of Ministers of Ukraine on the National Research Foundation of Ukraine" (the National Research Foundation of Ukraine is authorised to provide grant support for projects on the creation, operation and development of research infrastructure, in particular, key state laboratories);
- No. 808 of August 04, 2023 "Some issues of the National Research Foundation operation" (a structural unit "Horizon Europe Office in Ukraine" was established on the basis of the National Research Foundation of Ukraine).

In 2023, with the grant support of the European Union, the Horizon Europe Office in Ukraine was established on the basis of the National Research Foundation of Ukraine to provide advice and information support to Ukrainian scientists and inventors on the opportunities offered by participation in the Horizon Europe framework program.

In the context of Russian aggression, the Horizon Europe program is the main instrument of financial support for Ukrainian science and innovation sector. As of November 2023, Ukrainian institutions and organizations are implementing 90 projects for a total of EUR 18,672.9 thousand. Another five projects are coordinated by Ukrainian organizations.

## SPACE

The Government adopted Resolution No. 796-r of the Cabinet of Ministers of Ukraine dated September 12, 2023 "On approval of the Action Plan for Ukraine's integration into the European Space Agency". The Action Plan is aimed at implementing all components required for Ukraine's membership in the European Space Agency (ESA). Pursuant to this Resolution, an interagency working group on cooperation between Ukraine and the ESA was established, which included representatives of the Ministry of Strategic Industries of Ukraine, the Government Office for Coordination of European and Euro-Atlantic Integration of Ukraine, the Ministry of Foreign Affairs of Ukraine and the State Space Agency of Ukraine.

Also the following documents were developed:

- Draft Law of Ukraine “On state regulation of remote sensing of the Earth from space”;
- the Draft Law of Ukraine “On state regulation of satellite navigation”.

In the framework of cooperation on global navigation satellite systems, in accordance with the Decree of the President of Ukraine No. 32/2019-rp dated March 06, 2019, work continued on preparing for the 3rd round of negotiations between Ukraine and the European Commission on the draft Agreement between Ukraine and the European Union on the extension of the European Geostationary Navigation Overlay Service (EGNOS) to the territory of Ukraine. Along with this, work was carried out to determine the possibilities of Ukraine’s accession to the satellite navigation component of the European Union’s GALILEO/EGNOS Space Program.

Continued implementation of the Agreement between the State Space Agency of Ukraine and the European Commission on cooperation in the field of access to and use of data from the Copernicus Sentinel satellites of March 28, 2019, and concluded in pursuance of it on March 28, 2019 Agreement between the State Space Agency of Ukraine and the European Space Agency on the technical operation of the space component of the Copernicus program. Cooperation with the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) on the conclusion of the Agreement on the Technical Operation of the Space Component of the Copernicus Program was resumed. After EUMETSAT informed about the update of the Copernicus Contribution Agreement between EUMETSAT and the European Commission, which resulted in amendments to the model draft Agreement to make it more optimized and user-friendly, the Ukrainian Party started reviewing the updated draft Agreement sent by EUMETSAT.

The participation of Ukrainian Party in the VEGA project was ensured. In 2023, 1 successful launch of the VEGA launch carrier was carried out. Ukrainian space industry enterprises continued to supply the fourth stage propulsion engines for the launch carrier.

The Agreement on Ukraine’s participation in the EU’s Digital Europe Program (2021-2027) was ratified. The Parliament adopted the relevant Law No. 2926-IX of February 23, 2023. The Entrepreneurship and Export Promotion Office has been designated as the National Contact Point (NCP) for the European Union’s Digital Europe Program (2021-2027). The NCP will provide information and methodological support to Digital Europe program applicants during the program period. At the end of the year, the national selection for participation in the competition for the establishment of European digital innovation hubs in Ukraine (under the Digital Europe Program) was launched.

## ELECTRONIC COMMUNICATIONS

In order to implement the Laws of Ukraine “On Electronic Communications” (EC Law) and “On the National Commission for the State Regulation of Electronic Communications, Radio Frequency Spectrum and the Provision of Postal Services” (NCEC Law), which implement the provisions of the European Electronic Communications Code (Directive

(EU) 2018/1972), the NCEC developed and adopted 29 regulatory acts in 2023. The relevant acts, inter alia, addressed the following issues:

- imposing regulatory obligations on providers of electronic communications networks (ECNs) or services with significant market share in the wholesale and/or retail markets, and changing and lifting them;
- methods for conducting and updating geographic reviews;
- monitoring the quality of electronic communications services (ECS);
- providing and obtaining access to the ECN cable channel and making it available for use;
- allocation, use and accounting of public ECN numbering resources;
- radio frequency monitoring in public radio frequency bands, and detection, elimination and/or termination of radio interference sources and establishment of cooperation between the competent authorities on the relevant issue.

The Ministry of Digital Transformation, together with the EU project “Support to Ukraine’s Digital Policy”, drafted eight bylaws on universal electronic communication services, two bylaws on accessibility of electronic communication services for people with disabilities, and a strategy for the development of electronic communications.

## ELECTRONIC TRUST SERVICES

In order to achieve full legal compliance with the EU law, the Law of Ukraine “On amendments to the Customs Code of Ukraine regarding electronic identification and electronic trust services” (No. 2919-IX dated February 07, 2023) and the Law of Ukraine “On amendments to the Tax Code of Ukraine regarding electronic identification and electronic trust services” (No. 2918-IX dated February 07, 2023) were adopted in February 2023.

In connection with the implementation of the Law of Ukraine “On amendments to certain legislative acts of Ukraine to ensure the conclusion of an agreement between Ukraine and the European Union on mutual recognition of qualified electronic trust services and implementation of the EU legislation in the field of electronic identification” (hereinafter - the Law), adopted in December 2022, a request was sent to the EU for a comprehensive assessment of the legislation on electronic identification, authentication and trust services, as provided for in Annex XVII-3 of the Association Agreement. A positive assessment will guarantee mutual recognition of the sector with the EU - a kind of sectoral digital visa-free regime.

In addition, 14 regulations have been adopted for the proper implementation of this Law, and 18 more are expected to be adopted by the end of the first quarter of 2024. One of the key priorities for Ukraine in 2024 is the modernization of the integrated electronic identification system ID.gov.ua (updating components, interaction with state registers and cross-border compatibility with eIDAS Node).

Together with the European Commission, the Pilot eSig BB internationalization test project was implemented, which made Diia.Signature and other QESs compatible with

the European Commission's electronic signature platform. From now on, Diia.Signature can be used to sign documents or contracts that are valid both in Ukraine and in the EU.

The European Commission has decided to include Ukraine, the first non-EU country, in the European Union's trusted list (TC AdES LOTL list).

From now on, Ukrainian electronic signatures and seals on digital documents will be automatically verified in the EU member states and their validity will be confirmed. For its part, Ukraine has recognized the EU's qualified trust services - the EU citizens will be able to use electronic signatures and seals of their countries to conduct business in Ukraine.

## E-COMMERCE

On June 10, 2023, the Law of Ukraine No. 3153-IX "On Consumer Protection" was adopted, which aims to implement a number of the EU legislative acts, in particular, certain provisions of Directive 2000/31/EC of the European Parliament and of the Council of June 08, 2000 on certain legal aspects of information society services, in particular e-commerce, in the internal market" (the "Directive on Electronic Commerce"). The above-mentioned Law of Ukraine provides for the operation of the e-Buyer Portal in order to ensure interaction between e-commerce entities, consumers, the competent authority and other state bodies that protect consumer rights in the relevant areas, which in turn is aimed at implementing certain provisions of the Directive on Electronic Commerce.

## REGULATION OF THE RADIO FREQUENCY SPECTRUM

In order to make digital solutions and services available to everyone, the Ministry of Digital Transformation is accelerating Ukraine's connection to 4G high-speed Internet and is realizing one of its key goals - the introduction of a new, advanced 5G technology. However, the full-scale invasion has made it technically impossible to carry out the research and development work until the end of the war, which need to be done for the national launch of the technology. The deployment of 5G networks in Ukraine is expected to start after Ukraine wins the Russian-Ukrainian war.

At the same time, the Ministry of Digital Transformation is considering the approaches and experience of international partners to free up radio frequencies in the 700 and 800 MHz band from other users, to introduce fourth-generation mobile communication technologies on railways, as well as to launch 5G in the 700 MHz and 3400-3800 MHz frequency bands and to obtain advice on the mechanism for organizing and holding auctions for these frequency bands. The goal is to join the European 5G transport corridors with a view to extending them through the territory of Ukraine.

At the same time, the issue of freeing up radio frequencies in the 700 MHz band remains sensitive for Ukraine. The release of radio frequencies largely depends on specific users (broadcasting service providers and the General Staff of the Armed Forces of Ukraine). Therefore, given Russia's ongoing invasion of Ukraine, which makes it impossible for special users to release radio frequencies under martial law, the issue has been postponed due to objective circumstances. At the same time, Ukraine

continues to develop regulations that will become a prerequisite for further release of radio frequencies and compensation to their users.

## ROAMING WITH THE EU

In April 2023, the digital addendum to the Association Agreement was updated to include in its relevant annexes a commitment to approximate to current EU legislation, with the prospect of Ukraine joining the EU Roam-Like-At-Home (RLAH) policy. The draft Law of Ukraine “On amendments to certain legislative acts of Ukraine regarding the implementation of the European legislation on roaming” (registration No. 10265 of November 17, 2023) has been developed. The adoption of the draft law will bring Ukrainian legislation closer to the EU acquis in accordance with the list and conditions set out in Annex XVII “Regulatory Approximation” (in particular, Annex XVII-3) to the Association Agreement, and create conditions for Ukraine’s practical integration into the EU Digital Single Market through Ukraine gaining internal market treatment with the EU in terms of roaming services and accession to the RLAH). In July 2023, the Joint Statement of Ukrainian and the EU operators on affordable roaming for Ukrainians in the EU was extended for 1 year.

## UKRAINE’S INTEGRATION TO DESI (Digital Economy and Society Index)

Resolution of the Cabinet of Ministers of Ukraine No. 774-p dated September 05, 2023 “On approval of the list of indicators of the Digital Economy and Society Index (DESI)” was adopted, which approved the list of indicators of the Digital Economy and Society Index (DESI) in Ukraine, and the procedure for collecting and exchanging data on indicators based on the EU Methodology. Guidelines on the methodology for compiling the DESI indicators are being developed.

## INTRODUCTION OF A SINGLE EUROPEAN EMERGENCY NUMBER 112

With a view to further introducing a single European emergency number 112 and implementing Directive 2002/22/EC and Directive (EU) 2018/1972, as provided for in Annex XVII-3 to the Association Agreement, the following documents were adopted:

- Resolution of the Cabinet of Ministers of Ukraine No. 158 dated February 14, 2023 “On amendments to the Resolution of the Cabinet of Ministers of Ukraine No. 1031 dated October 17, 2012”;
- Resolution of the Cabinet of Ministers of Ukraine No. 300 dated April 04, 2023 “On amendments to the Resolutions of the Cabinet of Ministers of Ukraine No. 878 dated October 28, 2015 and No. 1024 dated November 14, 2018”;
- Order of the Ministry of Internal Affairs of Ukraine No. 473 dated June 09, 2023 “On approval of the Regulation on the Information and Communication System 112”;
- Order of the Ministry of Internal Affairs of Ukraine No. 602 dated July 24, 2023 “On designation of the State Institution “Center for Infrastructure and Technology of

the Ministry of Internal Affairs of Ukraine” as the administrator of the information and communication system 112”;

- Order of the Ministry of Internal Affairs of Ukraine No. 605 dated July 24, 2023 “On amendments to the Order of the Ministry of Internal Affairs of Ukraine No. 771 dated November 25, 2022 ” and Order of the Ministry of Internal Affairs of Ukraine No. 980 dated December 1, 2023 “On amendments to the Order of the Ministry of Internal Affairs of Ukraine No. 771 dated November 25, 2022 ”;
- Order of the Ministry of Internal Affairs of Ukraine, Ministry of Health of Ukraine No. 537/1189 dated June 30, 2023 “On the implementation of a pilot project on electronic information interoperability of the information and communication system 112 and the software and hardware complex “Emergency Medical Care” of the municipal non-profit enterprise “Center for Emergency Medical Care and Disaster Medicine of Kyiv” of Kyiv City Council (Kyiv City State Administration) to ensure emergency calls in Kyiv at the single 112 telephone number;
- Order of the Ministry of Internal Affairs of Ukraine and the Ministry of Energy of Ukraine No. 565/217 dated July 11, 2023 “On approval of the Procedure for electronic information interaction between the Ministry of Internal Affairs of Ukraine, the Ministry of Energy of Ukraine and central executive authorities, whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Internal Affairs of Ukraine and the Minister of Energy of Ukraine, respectively”;
- Order of the Ministry of Internal Affairs of Ukraine No. 911 dated November 10, 2023 “On approval of the Regulation on the Communication Center “Service 112”.

On July 01, 2023, the system of emergency assistance to the population via a single telephone number 112 was launched in Kyiv, on September 05, 2023 - in Kyiv region, on November 28, 2023 - in Vinnytsia, Zhytomyr, Cherkasy, Chernihiv regions, and on November 29, 2023 - in Lviv region.

In addition, on November 28-29, 2023, the routing of calls from mobile and fixed-line subscribers calling 112 from Vinnytsia, Zhytomyr, Cherkasy, Chernihiv and Lviv regions to the existing trunk groups of the 112 System was ensured, and calls from subscribers calling 112 from the above-mentioned regions of Ukraine were redirected to the relevant emergency telephone numbers 101 and 102.

## FINANCIAL SERVICES



### BANKING

In order to maintain financial stability for the period of martial law, the institutions responsible for maintaining financial stability in Ukraine approved a new Financial Sector Development Strategy in August 2023, with measures conditionally divided into short-term (aimed at ensuring stability and preventing worsening of the situation in the financial sector and the economy as a whole) and medium-term (to form the basis for future economic recovery and growth). An integral part of these measures is the implementation of the EU legislation.

There are currently five state banks operating in Ukraine: JSC CB PrivatBank, JSC Ukrgasbank, JSC Ukreximbank, JSC Oschadbank, and JSC Sens Bank.

State banks are included in the list of critical infrastructure facilities in the banking system of Ukraine and the list of authorized banks of Ukraine involved in work (operations) during the special period. Therefore, continuous sustainable functioning of the state banks, ensuring the stability of the banking system, is of utmost importance for the economy and security of the state during the war and post-war periods.

During martial law, state banks are subject to stricter requirements for the level and quality of corporate governance. The banks, on a weekly basis, provide the Ministry of Finance with information on key indicators characterizing existing/potential risks and/or threats to the financial stability of such banks, and indicators of the implementation of state programs by public sector banks in order to ensure monitoring, neutralization and early response to risks and/or threats to the financial security of Ukraine in the activities of state banks.

On July 21, 2023, the Cabinet of Ministers of Ukraine adopted Resolution No. 739 "On the State's participation in the withdrawal of a systemically important bank from the market" regarding the participation of the state, represented by the Ministry of Finance of Ukraine, in the withdrawal of a systemically important bank, JSC Sens Bank, from the market.

The resolution was based on the proposal of the National Bank of Ukraine regarding state's participation in the withdrawal of the systemically important bank JSC SENS BANK from the market and the Decision of the National Bank of Ukraine to withdraw the systemically important bank JSC SENS BANK from the market. The grounds for that are specified by the Law of Ukraine "On Banks and Banking" and occurred during the armed aggression of the Russian Federation against Ukraine. Namely, this relates to the application of international sanctions and sanctions pursuant to the Law of Ukraine "On Sanctions", which threatens the interests of depositors or other creditors of the systemically important bank JSC "SENS BANK" and, accordingly, the stability of the banking system because of deprivation/restriction of the right of a person subject to a sanction to dispose of assets.

The Deposit Guarantee Fund has implemented the resolution method provided for by the Law of Ukraine “On the Deposit Guarantee System”, namely the nationalization of the systemically important JSC “SENS BANK”.

On July 22, 2023, the Ministry of Finance of Ukraine and the Deposit Guarantee Fund entered into a contract for the sale and purchase of 100% of the shares of systemically important JSC SENS BANK, according to which the bank became state-owned. The Ministry of Finance of Ukraine has been appointed as the corporate rights management body for the shares of JSC “SENS BANK” owned by the state.

The nationalization was carried out in accordance with the practice of the European resolution authorities based on the resolution weekend principle under Directive 2014/59/EU: no suspension of the bank’s operations, implemented within two days.

In 2023, the NBU took steps to harmonize the Ukrainian legislation on the resolution of credit institutions. To this end, a draft Law of Ukraine “On amendments to the Law of Ukraine “On the Deposit Guarantee System” was prepared to implement the provisions of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms. It is currently being finalized with the engagement of the external stakeholders, including FinSac World Bank

Draft resolution plans were developed and constantly updated for banks classified as problematic, and for other banks for which the Executive Directorate of the Deposit Guarantee Fund decided to provide relevant information in order to fulfil the functions and powers assigned to the Deposit Guarantee Fund pursuant to the Action Plan for the Implementation of the Letter of Intent of the Government of Ukraine and the National Bank of Ukraine to the International Monetary Fund dated June 19, 2023 and the Memorandum of Economic and Financial Policy. The content structure of these resolution plans was as close as possible to the requirements for the content of resolution plans under the EU law.

As part of the implementation of Directive 2014/49/EU of the European Parliament and of the Council on deposit guarantee schemes of April 16, 2014: by the decision of the Executive Directorate of the Deposit Guarantee Fund No. 1460 dated November 13, 2023, the Methodology of assessing the financial stability of the Deposit Guarantee Fund was approved. This Methodology establishes the mechanism for assessing the ability to cover the projected volume of risks in the banking system in the future, the procedure, conditions and period for calculating the Fund’s target indicator, the target fund, the period for achieving the Fund’s target indicator, liquidity risk, and adjusted capital.

This methodology was prepared taking into account the guidelines for stress test of deposit guarantee schemes EBA/GL/2021/10; in 2023, the DGF, having the authority to do so under Article 4 of Directive 2014/49/EU, inspected 31 banks participating in the guarantee scheme. The level of violations detected is insignificant and mainly relates to errors in calculating the amount of the fee and does not affect the stability of the deposit guarantee scheme.

In order to implement the provisions of the Law of Ukraine “On amendments to certain legislative acts of Ukraine regarding improvement of corporate governance in banks and other issues of the banking system” No. 1587-IX dated June 30, 2021, which takes into account the provisions of Directive 2013/36/EU, Regulation 575/2013/EU, and certain provisions of which come into force on August 05, 2024, the National Bank



of Ukraine approved the Regulation on the procedure for setting the size of regulatory capital by Ukrainian banks (Resolution of the Board of the National Bank No. 196 dated December 28, 2023).

In addition, for better compliance with the EU standards, in particular the provisions of Directive 2013/36/EU, Delegated Regulation 2021/923/EU, the NBU approved a new version of the Regulation on the Remuneration Policy in a Bank Resolution of the Board of the National Bank of Ukraine No. 189 dated December 27, 2023).

## SECURITIES

In 2023, the National Securities and Stock Market Commission (the "NSSMC") adopted a number of decisions in the securities sector that improved corporate governance requirements for professional participants in capital markets and organized commodity markets, and established the procedure and timing for disclosure of regulated information on the regulated stock market and requirements for disclosure of information by issuers of securities, persons providing collateral for such securities, and corporate rights counsel.

In addition, in 2023, the NSSMC was developing a draft law that provides for the comprehensive implementation of the EU regulations governing the activities of investment funds into domestic legislation, in particular: Directive No. 2009/65/EC of July 13, 2009 (UCITS) and its implementing acts, Directive No. 2011/61/EU of June 08, 2011 on Alternative Investment Fund Managers (AIFMs) and relevant implementing acts, Regulation No. 345/2013/EU of April 17, 2013 on European Venture Capital Funds (VCFs), Regulations No. 346/2013/EU of April 17, 2013 on European social partnership funds, No. 2015/760/EU of April 29, 2015 on European long-term investment funds and other EU regulations.

Following the receipt of additional proposals and comments from capital market participants, the draft decision of the NSSMC "On approval of the licensing conditions for professional activities in the capital markets - trading with financial instruments" was finalized and approved by the NSSMC Decision No. 1354 dated December 1, 2023, and then sent for approval to the interested authorities.

The said draft decision establishes the requirements mandatory for obtaining a license for professional activities in the capital markets - trading in financial instruments by their separate types and in the course of carrying out these activities in the capital markets, the list of documents to be submitted by an applicant for issuance of a license, the peculiarities of combining financial instruments trading activities with each other and with other types of activities, organizational requirements for investment firms, the procedure for the provision of additional services by investment firms, requirements for the governing bodies of investment firms, requirements for the size and calculation of the capital of an investment firm.

## INSURANCE SERVICES

On January 12, 2023, the Verkhovna Rada of Ukraine adopted as a basis the Draft Law of Ukraine "On mandatory insurance against civil liability of owners of motor vehicles" (Reg. No. 8300 of December 22, 2022). The purpose of this draft law is to improve the

system of mandatory insurance against civil liability of owners of motor vehicles, to bring the mechanism for protecting victims of road accidents in line with the requirements of Directive 2009/103/EC.

## PAYMENT SERVICES

During 2023, the NBU developed and updated the NBU's regulations in accordance with the provisions of the Law of Ukraine "On Payment Services" No. 1591-IX dated June 30, 2021, which reflects the main provisions of Directive 2015/2366/EU. In particular, the following regulations were approved: Regulation on inspections of non-bank payment service providers, providers of limited payment services (Resolution of the Board of the National Bank of Ukraine No. 47 dated April 06, 2023); amendments to the Regulation on the procedure for authorizing the activities of providers of financial payment services and limited payment services (Resolution of the Board of the National Bank of Ukraine No. 54 dated April 21, 2023); Regulation on the application of enhanced authentication in the payment market (Resolution of the Board of the National Bank of Ukraine No. 58 dated May 3, 2023); Regulation on the implementation by the National Bank of Ukraine of on-site supervision in the payment market of non-bank payment service providers, providers of limited payment services (Resolution of the Board of the National Bank of Ukraine No. 60 dated May 5, 2023); Regulation on the filing of claims and applying measures of influence by the National Bank to payment infrastructure oversight objects (Resolution of the Board of the National Bank of Ukraine No. 61 of May 9, 2023); amendments to the Regulation on engaging commercial agents to provide financial payment services (Resolution of the Board of the National Bank of Ukraine No. 117 dated September 18, 2023); amendments to the Regulation on registration of payment systems, payment system participants, and payment service technology operators (Resolution of the Board of the National Bank of Ukraine No. 156 dated December 5, 2023).

In addition, in accordance with the National Bank of Ukraine Strategy until 2025 and the roadmap for the development of the electronic payment system (EPS), the NBU in 2023 switched to a new generation of EPS-4.0 based on the international standard ISO 20022.

## LIBERALIZATION OF CAPITAL FLOWS

In 2023, banks continued to operate subject to the restrictions set forth in Resolution No. 18 of the Board of the National Bank of Ukraine "On the operation of the banking system during the period of martial law" dated February 24, 2022.

With the aim of gradually easing administrative restrictions and, in the long run, moving to greater exchange rate flexibility, the NBU has prepared a Strategy for easing currency restrictions, moving to greater exchange rate flexibility, and returning to inflation targeting, which was approved by the NBU on June 29, 2023. The NBU's further steps aimed at mitigating or cancelling the measures set out in Resolution #18 will be implemented in accordance with the priorities and principles of the Strategy, taking into account the phasing set out in the Roadmap for the gradual easing of currency restrictions developed by the NBU as one of the Strategy's directions, and subject to the prerequisites. Thus, each step to ease currency restrictions will be based on assessments of its impact on the foreign exchange market, international reserves, and macroeconomic and financial stability.

## NON-BANK FINANCIAL SERVICES

In 2023, the NBU continued to develop regulations to implement the provisions of the Law of Ukraine "On Financial Services and Financial Companies" No. 1953-IX dated December 14, 2021, the Law of Ukraine "On Insurance" No. 1909-IX dated November 18, 2021, and the Law of Ukraine "On Credit Unions" No. 3254-IX dated July 14, 2021, which updated the general regulation and supervision of the non-bank financial services market and took into account the provisions of Directives 2009/138/EC, 2016/97/EU, 2015/2366/EU.

The following general regulations were approved and come into force on January 1, 2024, in particular: Regulations on on-site supervision of the provision of financial and support services (Resolution of the Board of the National Bank of Ukraine No. 162 dated December 14, 2023); Regulations on the organization and conduct of inspections in the markets of non-bank financial services (Resolution of the Board of the National Bank of Ukraine No. 167 dated December 20, 2023); Amendments to the Regulations on certification of individuals for the right to execute provisional administration of a non-bank financial institution (Resolution of the Board of the National Bank of Ukraine No. 177 dated December 23, 2023); Regulation on the procedure of appointment, execution and termination of the provisional administration of an insurer, credit union (Resolution of the Board of the National Bank of Ukraine No. 178 dated December 23, 2023); Regulation on the application by the National Bank of Ukraine of corrective measures, early intervention measures, measures of influence in the field of state regulation of activities in the markets of non-bank financial services (Resolution of the Board of the National Bank of Ukraine No. 183 dated December 25, 2023); Regulation on the authorization of financial service providers and conditions for their activities in the provision of financial services (Resolution of the Board of the National Bank of Ukraine No. 199 dated December 29, 2023).

The NBU also addressed the issue of supervision of nonbank financial groups on a consolidated basis. The NBU adopted the Regulation on the Procedure for oversight of non-bank financial groups on a consolidated basis (Resolution of the Board of the National Bank of Ukraine No. 202 dated December 29, 2023), which takes into account the provisions of Directive 2002/87/EC of December 16, 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate.

## PROTECTION OF THE RIGHTS OF FINANCIAL SERVICES CONSUMERS

On June 10, 2023, the Verkhovna Rada of Ukraine adopted the Law of Ukraine No. 3153-IX "On Consumer Protection", which comes into force on July 07, 2024, but not earlier than the day of termination or cancellation of martial law. The Law was adopted with the aim of approximating the national consumer protection legislation to the European Union legislation. The provisions of this Law on the protection of the rights of consumers of financial services shall be applied with due regard to the specifics stipulated by the laws on financial services.

Since November 2023, the Deposit Guarantee Fund, as one of the beneficiaries of the European Union project implemented by the E-Governance Academy (eGA, Estonia) and in cooperation with the Ministry of Digital Transformation, has implemented

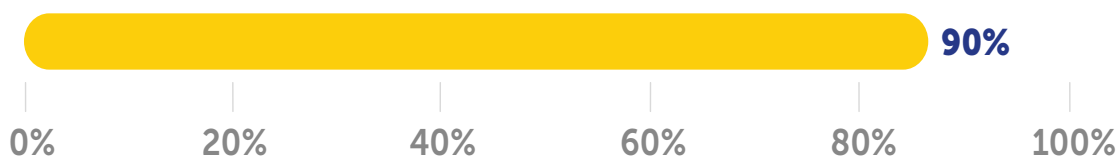
deposit compensation payments online and using the mechanisms of the Diia app. The amount of guaranteed compensation for the period of martial law remains at 100% coverage for individual depositors. In 2023, the Deposit Guarantee Fund made about 60 thousand transactions to pay out deposits to individuals. The total amount of payments was over UAH 3 billion.

By the decision of the Executive Directorate of the Deposit Guarantee Fund No. 779 dated June 28, 2023 the provisions of the Instruction on the procedure for protection of the rights and protected interests of depositors by the Deposit Guarantee Fund were brought in line with Article 16(3) of Directive 2014/49/EU.

Also in 2023, the NBU adopted a number of regulations regarding the protection of the rights of consumers of financial services (including financial payment services), including the following: Regulation on the specifics of concluding insurance contracts with consumers (Resolution of the Board of the National Bank of Ukraine No. 175 dated December 20, 2023); Regulation on disclosure of information and posting of an information document about a standard insurance product on the websites of insurers and insurance intermediaries (Resolution of the Board of the National Bank of Ukraine No. 174 dated December 20, 2023); amendments to the contractual relations of consumers with non-bank lenders in terms of concluding contracts in electronic form, unfair contractual terms and conditions, and observance of consumers' legal rights (Resolution of the Board of the National Bank of Ukraine No. 131 dated October 18, 2023); amendments to consumer information support in terms of increasing transparency and completeness of disclosure of the terms and essential characteristics of banking and other financial services through the remote electronic service channel (own websites of banks and non-bank financial institutions) (Resolutions of the Board of the National Bank of Ukraine No. 129 and No. 130 dated October 18, 2023), amendments regarding the supervision of compliance by providers of financial (including financial payment) services, limited payment services with the requirements of the legislation of Ukraine on the protection of the rights of consumers of financial (including financial payment) services (Resolution of the Board of the National Bank of Ukraine No. 198 of September 02, 2022 as amended by Resolution of the Board of the National Bank of Ukraine No. 118 of September 28, 2023, approved by Resolution of the Board of the National Bank of Ukraine No. 152 of November 27, 2023).

In addition, in order to bring consumer lending by non-bank financial institutions in Ukraine in line with international standards, the Verkhovna Rada of Ukraine adopted on November 22, 2023 Law of Ukraine No. 3498-IX "On amendments to certain laws of Ukraine on improvement of state regulation of financial services markets", which entered into force on December 24, 2023 (except for certain clauses). The Law promotes the development of responsible pricing for consumer loans.

## PUBLIC FINANCE MANAGEMENT



Despite the realities of the war, Ukraine is implementing measures to reform the public finance management system, as defined by the Strategy for Public Finance Management System Reform in 2022-2025 (Order of the Cabinet of Ministers of Ukraine No. 1805 dated December 29, 2021).

### GENERAL FRAMEWORK AND BUDGET POLICY

During the reporting period, effective organization of the budget process was ensured in the face of high uncertainty caused by the war, which resulted in the approval of the draft Law of Ukraine “On the State Budget of Ukraine for 2024” at a meeting of the Cabinet of Ministers of Ukraine on September 15, 2023, and timely submission to the Verkhovna Rada of Ukraine (Law of Ukraine No. 3460-IX dated November 09, 2023). In order to ensure predictability and consistency in the implementation of the budget policy, the draft State Budget for 2024 contains information on the forecast of budget indicators for 2025 and 2026.

The draft State Budget for 2024 includes information on fiscal risks (including contingent liabilities and quasi-fiscal operations) and their impact on the state budget indicators. In addition, work has started on stress testing of the operations of state-owned companies, the results of which are included in the above information on fiscal risks.

In 2024, the process of renewing medium-term budget planning will be launched. During the preparation of the Budget Declaration for 2025-2027 and the draft State Budget of Ukraine for 2025, it is planned to use a new modern IT system for planning and monitoring the implementation of the state budget, which was developed by the Ministry of Finance with the engagement of international partners. The new IT system for interaction with budget holders will become a single digital tool for communication with the Ministry of Finance in the budget process, which will ensure the exchange of legally significant documents that will be properly stored, verified and consolidated.

### STRENGTHENING FISCAL AND DEBT RESILIENCE

In order to better prepare for post-war reconstruction, as well as to fulfil the Government’s obligations under the Memorandum of Economic and Financial Policies between Ukraine and the IMF, the Government adopted the following regulations:

- Medium-term public debt management strategy for 2024-2026 (Resolution of the Cabinet of Ministers of Ukraine No. 1117 dated October 27, 2023);
- National Revenue Strategy until 2030 (Resolution of the Cabinet of Ministers of Ukraine No. 1218-r dated December 27, 2023).

On December 22, 2023, the Government approved the Roadmap for Public Investment Management Reform.

In addition, in 2023, a number of amendments to the Budget Code of Ukraine were adopted: regarding the predictability of budget policy and strengthening debt resilience; regulation of issues related to determining the sources of special fund of the state budget and the use of funds credited to accounts opened with the National Bank of Ukraine for the main spending units of the state budget in the form of voluntary contributions from individuals and legal entities of private law and/or public law for the implementation of measures for national security and defense, recovery, support and development of Ukraine; regulation of the right of settlement and village councils to make local borrowings and provide local guarantees.

Work continues to improve the process of reviewing state budget expenditures and its full integration into the budget process. In particular, in 2023, reviews of state budget expenditures in 5 areas were completed in accordance with the Order of the Cabinet of Ministers of Ukraine No. 580 dated June 30, 2023.

Methodological recommendations for the formation of budget programs by main spending units of the state budget (Order of the Ministry of Finance No. 465 dated August 25, 2023) were developed, which serve the basis for reformatting budget programs to deepen their focus on public services and strengthen their connection with the goals of state policy.

## PUBLIC INTERNAL FINANCIAL CONTROL

In 2023, consistent implementation of measures to develop public internal financial control continued, in particular:

- practical implementation of the national certification of internal auditors of state bodies;
- regulatory and methodological support for internal control and internal audit was improved to further align with the EU best practices;
- continued implementation of training programs on internal control and internal audit;
- the state of functioning of the internal control and internal audit systems was assessed;
- work continued on preparing for the automation of public internal financial control processes.

## FINANCIAL CONTROL AND ACCOUNTING

The Procedure for risk indicators identifying for the formation of risk-based approaches to planning state financial control measures by the State Audit Service and its interregional territorial bodies (Order of the State Audit Service of December 12, 2023 No. 355) was approved. This document sets the procedure for identifying risk indicators, their assessment, testing, approval, revision and implementation in the integrated

automated decision support system of the state financial control body “e-auditor” for planning and further implementation of the on-site inspections and state financial audits by the State Audit Service, its interregional territorial bodies.

In order to implement the standards and methodologies of the International Organization of Supreme Audit Institutions (INTOSAI), the Accounting Chamber decided to recognize the INTOSAI Framework of Professional Pronouncements (IFPP) as the basis for the audit activities of the Accounting Chamber and adopted a number of methodological documents.

Thus, the Accounting Chamber’s decisions No. 12-2 and No. 12-3 dated June 6, 2023 approved the Methodology for conducting performance audit and the Methodology for conducting compliance audit, respectively, and No. 15-5 dated July 25, 2023 - the Methodology for conducting financial audit (new version of the Methodological manual on financial audit and the Procedure for conducting financial audit by the Accounting Chamber approved by the decision of the Accounting Chamber dated December 22, 2022), which came into force on August 1, 2023.

On September 26, 2023, the Accounting Chamber approved the Algorithm for the audit of consolidated financial statements and budgetary reporting, which is part three of the Financial audit methodology. This algorithm covers two types of financial audit by the Accounting Chamber, namely the financial audit of general consolidated financial statements and budgetary reporting on the implementation of the State Budget of Ukraine and the financial audit of consolidated financial and consolidated budgetary statements of the key budget holder of the state budget.

By the decision of the Accounting Chamber dated July 11, 2023, the Code of ethics of the Accounting Chamber was approved, which, based on the provisions of the INTOSAI Code of Ethics (ISSAI 130). It establishes general requirements and fundamental values and principles of ethical behaviour in the course of professional activities of all employees who work directly for the Accounting Chamber or exercise powers on its behalf.

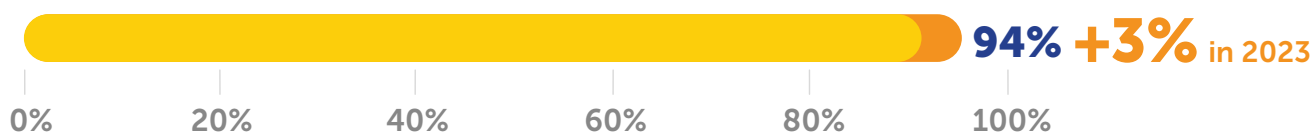
In order to implement a comprehensive quality management system in the Accounting Chamber, the Methodological manual on quality management system functioning in the Accounting Chamber was approved. This methodological manual is based on the best international practices, INTOSAI principles and standards ISSAI 130 “Code of Ethics”, ISSAI 140 “Quality Control for Supreme Audit Institutions”, ISSAI 150 “Auditor’s Competence”, and the requirements of the current legislation of Ukraine.

The annual planning procedure of the Accounting Chamber was approved on December 21, 2023 by the decision of the Accounting Chamber No. 31-9. The document was developed taking into account the requirements and provisions of the Law of Ukraine “On the Accounting Chamber”, the Rules of Procedure of the Accounting Chamber, principles of INTOSAI P12 “The value and benefits of Supreme Audit Institutions – making a difference to the lives of citizens”. It defines the main principles and procedures for the formation of a single Work Plan of the Accounting Chamber, which will cover both audit activities and activities of the apparatus of the Accounting Chamber. The selection of the topics for the state external financial control (audit) measures will be based on a strategic assessment of the areas (industries), which regulates the use of a risk-oriented approach in the planning of audits.

The specification and description of the process “Monitoring of the implementation of the Accounting Chamber’s decisions based on the results of the public external financial control (audit)” was adopted on December 21, 2023 by the decision of the Accounting Chamber No. 31-10. The process “Monitoring of the implementation of the Accounting Chamber’s decisions based on the results of the public external financial control (audit)” is based on the requirements of the INTOSAI Framework of Professional Pronouncements (IFPP), namely ISSAI 100 “Fundamental principles of public sector auditing”, ISSAI 200 “Financial audit principles”, ISSAI 300 “Performance Audit principles” and ISSAI 400 “Compliance audit principles”. This process is the official procedure for monitoring the implementation of the Accounting Chamber’s recommendations based on the results of audits, which was insisted on by the European Commission in the Ukraine’s Progress Report under the 2023 Enlargement Package. In addition, with the support of the EU technical assistance project “Strengthening Capacities in External Audit in Line with International Standards”, an appropriate IT tool was developed to help auditors track audit recommendations.



## HUMANITARIAN POLICY



On September 26, 2023, the Cabinet of Ministers of Ukraine approved the State National and Cultural Program “Unity in Diversity” until 2034 by Resolution No. 850-r. This program aims to create sustainable conditions for meeting the needs and protecting the rights of national minorities and indigenous peoples. It also aims to promote understanding and cooperation between cultures and integration of different groups of Ukrainian society. It also takes into account the need to overcome the consequences of military aggression and assimilation policies.

At the 45th session of the UNESCO World Heritage Committee (September 2023), it was decided to inscribe the sites of “Kyiv: St. Sophia Cathedral and adjacent monastery buildings, Kyiv-Pechersk Lavra” and “The ensemble of the historic center of Lviv” and the historic center of Odesa on the List of World Heritage, which is in danger of destruction posed by Russian aggression.

Another 25 sites of Ukraine’s cultural heritage have been included by UNESCO in the International List of Cultural Property under Enhanced Protection.

In 2023 Ukraine was elected a member of the UNESCO World Heritage Committee for 2023-2027, and Vice-Chair of the Intergovernmental Committee for the Protection of Cultural Property in the Event of Armed Conflict.

The Laboratory of Ukraine’s Reconstruction project was launched jointly with Triennale Milano and the MAXXI di Roma Museum. An agreement was reached with the Government and cultural institutions of Italy to restore the historic center of Odesa.

In 2023, software was developed for the State register of publishers, manufacturers and distributors of printed materials; the Register of applications and recipients of state support in the field of culture; the Register of the basic network of cultural institutions; the Register of masters of folk artistic crafts; work continues on the Register of the museum fund of Ukraine.

All registers will be part of the National Platform for Cultural Heritage of Ukraine.

At the end of November 2023 the Ministry of Culture and Information Policy of Ukraine, together with partners (the Ministry of Communities, Territories and Infrastructure Development of Ukraine, the Ministry of Digital Transformation of Ukraine, the USAID/UKaid Transparency and Accountability in Public Administration and Services (TAPAS) Project, and the East Europe Foundation) presented the information and communication system for the registration of immovable cultural heritage sites of Ukraine, the State Register of Immovable Monuments of Ukraine (eMonument).

The register will significantly optimize the process of protecting Ukraine’s monuments at all levels of government, and prevent chaotic development in the historic areas of cities, especially during post-war reconstruction.

More than 100,000 cultural heritage sites in architecture, archaeology, history, monumental art, science and technology, landscape and gardening have already been included in the eMonument register.

In cooperation with European and international development partners, the United platform of culture and media during the war (<https://united.mkip.gov.ua/>) hosted more than 20 projects created jointly with partners, volunteers, and specialists from various fields:

- documenting war crimes for the international community: Dattalion, War Evidence, Ukraine war today, War at close quarters, #StandWithUkraine, Restore.MCIP;
- cultural heritage: crimes against cultural heritage, Authentic Ukraine;
- culture during the war: Poetry of the Free, Never Again, Art of Victory, Ukraine war art collection.

Currently, Ukraine participates in the Creative Europe program within the Culture subprogram and partially in the Cross-Sectoral Cooperation and Media subprograms.

After receiving the European Commission's assessment of Ukraine's progress in approximating its audio-visual legislation to the requirements of the EU's Audiovisual Media Services Directive, Ukrainian applicants will be granted full participation in the Creative Europe Program, in particular in the Media and Cross-Sectoral Cooperation subprograms.

In 2023, 32 organizations from Ukraine were supported within the framework of the EU's Creative Europe program competitions, which will implement 28 projects of various sizes in cooperation with partners from other program countries. The amount of grant support for Ukrainian organizations in the cultural and creative sectors in 2023 reached €4,926,004.69. For comparison, the amount of funds received by Ukrainian organizations for the entire period of participation in the program (from 2016 to 2022) amounted to EUR 8,828,599.

In 2023, Ukraine became one of the top 5 countries with the largest number of winners of the Culture Moves Europe Program for individual mobility competition, beating such countries as Belgium, the Netherlands, Poland, and Portugal. 107 Ukrainian applicants were supported.

## AGRICULTURE



Ukraine's obligations in the field of Agriculture are stipulated in Article 403 of Chapter 17 "Agriculture and Rural Development" of the Association Agreement. Thus, in 2023, in pursuance of the Association Agreement and in order to approximate domestic legislation to the EU acquis, the following measures were taken:

1. The following governmental regulations were adopted:

- Resolution of the Cabinet of Ministers of Ukraine No. 1210 dated November 17, 2023 "On approval of the Procedures for certification, issuance and revocation of certificates for seeds and/or planting material and forms of certificates for seeds and/or planting material";
- Resolution of the Cabinet of Ministers of Ukraine No. 917 dated August 25, 2023 "On approval of the Procedure for issuing or refusing to issue, reissuing, revoking confirmation for the import into Ukraine and export from Ukraine of samples of seeds and planting material of plant varieties and control over their use and repealing Resolution of the Cabinet of Ministers of Ukraine No. 691 dated October 5, 2016";
- Resolution of the Cabinet of Ministers of Ukraine No. 813 dated August 4 2023 "On amendments to the Resolution of the Cabinet of Ministers of Ukraine No. 1183 dated August 19, 2002 "On measures to implement the Law of Ukraine "On Protection of Rights to Plant Varieties", which approved the new version of the Procedure for paying fees for the protection of rights to plant varieties;
- Resolution of the Cabinet of Ministers of Ukraine No. 1305 dated December 12, 2023 "On approval of the Procedure for requesting experimental samples of parental components that are components of the subject of a variety application".

2. At the same time, departmental regulations were approved:

- Order of the Ministry of Agrarian Policy and Food of Ukraine No. 75 "On approval of Methodological requirements for seed production regarding preservation of varietal and sowing qualities of soybean seeds" dated January 26, 2023, registered with the Ministry of Justice of Ukraine on February 10, 2023 under No. 266/39322;
- Order of the Ministry of Agrarian Policy and Food of Ukraine No. 1609 "On approval of the Procedure for preparation, submission and consideration of an application for a variety" dated August 31, 2023, registered with the Ministry of Justice of Ukraine on October 03, 2023 under No. 1735/40791;
- Order of the Ministry of Agrarian Policy and Food of Ukraine dated July 05, 2023 No. 1344 "On approval of the Procedure for conducting a variety qualification examination", registered with the Ministry of Justice of Ukraine on July 21, 2023 under No. 1244/40300;

- Order of the Ministry of Agrarian Policy and Food of Ukraine No. 1710 "On approval of the Procedure for providing official and experimental samples of planting material of a variety" dated September 26, 2023, registered with the Ministry of Justice of Ukraine on October 12, 2023 under No. 1785/40841;
- Order of the Ministry of Agrarian Policy and Food of Ukraine No. 1981 "On approval of the Procedure for conducting pre-registration variety testing" dated November 16, 2023, registered with the Ministry of Justice of Ukraine on January 09, 2024, No. 45/41390;
- Order of the Ministry of Agrarian Policy and Food of Ukraine No. 1663 "On approval of the names of botanical taxa" dated September 14, 2023;
- Order of the Ministry of Agrarian Policy and Food of Ukraine No. 126 dated February 2, 2023 "On approval of the List of botanical taxa belonging to vegetable crops";
- Order of the Ministry of Agrarian Policy and Food of Ukraine dated January 26, 2023 No. 75 "On approval of Methodological requirements in the field of seed production regarding the preservation of varietal and sowing qualities of soybean seeds", registered with the Ministry of Justice of Ukraine on February 10, 2023 under No. 266/39322;
- Order of the Ministry of Agrarian Policy and Food of Ukraine dated August 25, 2023 No. 1592 "On approval of the Requirements for certain types of partially or fully evaporated canned milk intended for human consumption", registered with the Ministry of Justice of Ukraine on September 12, 2023 under No. 1610/40666;
- Order of the Ministry of Agrarian Policy and Food of Ukraine dated July 31, 2023 No. 1450 "On approval of the Requirements for fruit juices and some similar food products", registered with the Ministry of Justice of Ukraine on August 14, 2023 under No. 1391/40447.

In addition, the requirements for the names and labelling of certain types of partially or fully evaporated canned milk intended for human consumption are harmonized with similar requirements of the international standards of the Codex Alimentarius (Standard for Evaporated Milk (CXS 281-1971); Standard for Sweetened Condensed Milk (CXS 282-1971); Standard for Milk Powder and Cream Powder (CXS 207-1999).

### 3. Developed:

- the Draft Law of Ukraine "On grapes and viticulture products" (reg. No. 9139 dated March 22, 2023), which was adopted by the Verkhovna Rada of Ukraine as a basis on August 09, 2023. The draft law is aimed at bringing the sectoral legislation in line with the requirements of international rules for the production of viticulture and winemaking products and implementing the provisions of Regulations (EU) No. 1308/2013, No. 251/2014, No. 2019/33, No. 2018/274, No. 2021/2117 and No. 2018/273. The draft law also provides for the creation of a unified state information system "Viticulture and Winemaking Register", which will include information on: grape producers; producers of wine products; vineyards; mandatory declarations and other data on wine products provided for by this Law, the entry of data into which is mandatory, which will ensure effective administration and state support for the viticulture and winemaking industry;
- Draft Law of Ukraine "On Hops and Hop Products" (Reg. No. 9234 of April 24, 2023), which was finalized in accordance with Commission Regulation (EC) No. 1850/2006

of December 14, 2006 laying down detailed rules for the certification of hops and hop products, the provisions of Commission Regulation (EC) No. 1295/2008 of December 18, 2008 on the importation of hops from third countries and Council Regulation (EU) No. 1308/2013 of December 17, 2013 establishing a common organisation of the markets in agricultural products;

- the Draft Law of Ukraine "On amendments to the Code of Ukraine on Administrative Offenses regarding liability for violation of the requirements of the legislation on the protection of geographical indications for food and alcoholic beverages" (Reg. No. 10162 of October 18, 2023), which aims to establish administrative liability for violation of legislative requirements on quality schemes for agricultural products and food products, and geographical indications of alcoholic beverages;
- Draft Law of Ukraine "On Associations of Agricultural Producers" (reg. No. 8149 dated October 24, 2022). Adopted as a basis with revision of provisions in accordance with Part 1 of Article 116 of the Rules of Procedure of the Verkhovna Rada of Ukraine. The draft law was developed with the aim of fulfilling Ukraine's European integration obligations in terms of setting legal and organizational framework for state recognition of associations of agricultural producers (producer organizations, associations of producer organizations and intersectoral organizations), granting such associations the status of representative, creating conditions for self-regulation of agricultural activities of their members by such associations, and conditions for delegation of certain powers of state authorities to representative associations of agricultural producers to regulate agricultural activities.

In addition, the following regulations were developed:

- Draft Resolution of the Cabinet of Ministers of Ukraine "On approval of the Procedure for issuing approval for distribution in Ukraine of vegetable crop varieties, applications for which have been submitted to the competent authority for the purpose of state registration of the variety, before the decision on its state registration is made";
- the Draft Order of the Ministry of Agrarian Policy and Food of Ukraine "On approval of the Requirements for labelling and packaging of seeds and planting material", which establishes requirements for labelling and packaging of seeds and planting material carried out by seed and nursery farming entities, individual entrepreneurs and legal entities engaged in the production, processing and sale of seeds and planting material and requirements for information contained in the label;
- the Draft Order of the Ministry of Agrarian Policy and Food of Ukraine "On approval of the Requirements to fruit jams, jellies, marmalades and sweetened chestnut puree";
- the Draft Order of the Ministry of Agrarian Policy and Food of Ukraine "On approval of the Requirements for milk, dairy products and other similar food products", which establishes requirements for milk, dairy products and other similar food products put into circulation, and related processes and production methods, in particular those related to labelling and record keeping.

In order to bring in compliance with the legislation the procedure of issuing a qualification certificate of an agricultural advisor and an agricultural expert advisor through the administrative service center, the Ministry of Agrarian Policy approved the

Order No. 1301 of June 21, 2023 “On amendments to the Regulation on the qualification certificate of an agricultural advisor and an agricultural expert advisor and the Rules of Procedure of the regional qualification commission for verification of knowledge and practical skills of agricultural advisers and agricultural expert advisers and of the appeal commission”, registered with the Ministry of Justice of Ukraine on July 06, 2023 under No. 1149/40205.

## FISHERIES AND MARITIME POLICY

In 2023, cooperation with the EU and its member states significantly intensified in the context of implementation of the Association Agreement and European integration related reform in the fisheries sector.

In order to define strategic goals and indicators to address the economic, environmental, and social problems of the fisheries sector and create conditions for its sustainable development, a draft Strategy for Ukrainian Fisheries Sector Development until 2030 was prepared in cooperation with the EU experts. The Strategy was approved by the Order of the Cabinet of Ministers of Ukraine No. 402 on May 2, 2023.

The Verkhovna Rada of Ukraine adopted the Law of Ukraine No. 2989-IX dated March 21, 2023 “On amendments to certain legislative acts of Ukraine on improvement of state regulation in the field of fisheries, conservation and rational use of aquatic bioresources and aquaculture”, which is key to reforming the industry. The Law creates prerequisites for the development of Ukraine’s fisheries industry, introduces innovative methods of public administration in the industry, reduces corruption risks and simplifies the conditions for doing business by fisheries entities.

At the same time, measures are being actively taken to digitize the fisheries sector, in particular, modules of the Unified State Electronic Fisheries Management System, which is envisaged by the aforementioned Law, are being implemented. This system will allow for full digitalization of management processes thus minimizing direct contact between businesses and officials. The system will be used to monitor and manage industrial activities, issue permits, collect statistics on fisheries and aquaculture, trace the origin of aquatic bioresources, and other processes necessary for the effective implementation of fisheries policy. Currently, one of the modules of the Electronic System has been launched, which provides for the declaration by business entities of rights to commercial and experimental fishing in electronic form.

Work continues on the draft Law of Ukraine “On ensuring the traceability of the origin of aquatic bioresources and products made from traceable types of aquatic bioresources” (Reg. No. 9545 of July 31, 2023). The draft law proposes to define the main legal, economic and organizational principles for ensuring the traceability of aquatic bioresources and products made from aquatic bioresources in circulation in the territory of Ukraine, and imported (shipped) into the customs territory of Ukraine and/or exported (shipped) from it, in order to ensure sustainable management of aquatic bioresources, prevent illegal, unaccountable, unregulated fishing, promote conservation, rational use and protection of aquatic bioresources, and protect the rights and economic interests of business entities.

In addition, the Draft Law provides for the introduction of the Certificate of Origin, Catch Certificate, and Re-export Certificate, Certificate of processing of traceable aquatic bioresources and/or products from them into the national legislation, which

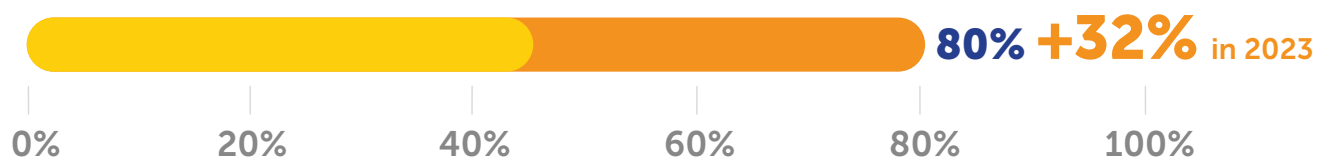
are required for customs clearance of traceable aquatic bioresources and/or products from them during export-import operations and re-export.

Also, the Verkhovna Rada of Ukraine registered the draft Law of Ukraine “On amendments to the Code of Ukraine on Administrative Offenses regarding the liability in the field of traceability of the origin of aquatic bioresources and/or products from them” (reg. No. 9546 of July 31, 2023).

The Order of the Ministry of Agrarian Policy No. 1655 dated September 11, 2023 approved the reporting form for aquaculture and instructions for its completion. This order improved the reporting form on aquaculture production submitted by business entities to the territorial bodies of the State Fisheries Agency and brought it in line with Regulation (EC) No. 762/2008 and Commission Delegated Decision 2021/1167.

In accordance with the provisions of Articles 407, 408 and 409 of the Association Agreement, the draft Law of Ukraine “On the acceptance by Ukraine of the Agreement on the establishment of the General Fisheries Commission for the Mediterranean” was developed.

## CONSUMER RIGHTS PROTECTION



Under the Association Agreement, obligations in the area of consumer protection (Chapter 20 “Consumer Protection” of Title V “Economic and Sectoral Cooperation”) provide for cooperation between the Parties to ensure a high level of consumer protection and achieve compatibility between their consumer protection systems.

In order to approximate national consumer protection legislation to that of the European Union and harmonize the consumer protection system in Ukraine with the EU principles, approaches and practices, the Law of Ukraine “On Consumer Protection” No. 3153-IX dated June 10, 2023 was adopted, which is the basic law in the field of consumer protection and the basis for further implementation of the EU acquis in this area.

The Law of Ukraine “On Consumer Protection” comes into force one year after its publication, but not earlier than the day of termination or lifting of martial law. In particular, the Law regulates:

- principles on which consumer protection is based;
- areas that are not covered by this Law in order to avoid duplication of control functions of state supervisory (control) authorities;
- rights and obligations of consumers in electronic commerce;
- a list of information about products and a business entity that it shall provide in the course of electronic commerce and liability for the absence of such information, in addition, the liability of the business entity providing the services of electronic trading platform (marketplace) for placing goods for sale by other business entities.

In addition, the Law of Ukraine “On Consumer Protection” has been extended to the food industry in terms of consumer economic rights (in case of violation of the terms of the contract of purchase and sale (delivery) of food products in online stores, when indicating the sale price of food products).

The State Service of Ukraine on Food Safety and Consumer Protection has been granted the right to request an Internet service provider to restrict access to websites (parts of websites, software) of business entities that use unfair business practices and violate consumer protection laws.

At the same time, the consumer is granted the right to replace the goods with the same or similar ones available with the business entity if the repair of goods purchased by the consumer requires more than fourteen calendar days, and the right to a price reduction or refund if the defect of the goods appears after the repair.

The Law introduces the provision of documents confirming warranty obligations by business entities in electronic form, and exempts business entities from the obligation to create an exchange fund of goods.

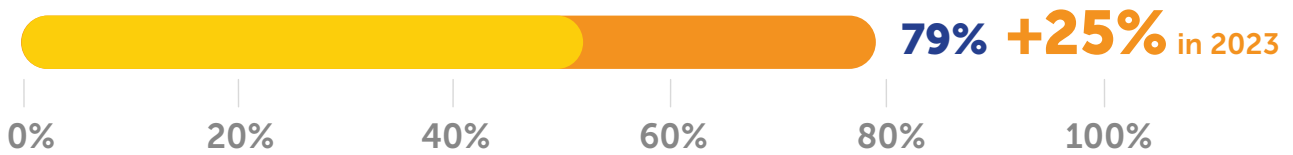


In order to implement the provisions of the EU acquis in the field of consumer protection, a number of bylaws were also adopted, in particular:

- 1) Resolution of the Cabinet of Ministers of Ukraine dated June 16, 2023 No. 614 "On approval of the Rules for household services to the population" - to improve the provision of household services to the population by business entities. The provisions of the Resolution are in line with the provisions of Directive 2011/83/EU of the European Parliament and of the Council of October 25, 2011 on consumer rights.
- 2) Resolution of the Cabinet of Ministers of Ukraine No. 1251 dated November 28, 2023 "On approval of the Procedure for warranty repair (service) or warranty replacement of technically complex household goods", with the aim of digitalizing business processes in the warranty service of household goods and improving the service provided to consumers. The provisions of the Resolution are in line with the provisions of Directive (EU) 2019/771 of the European Parliament and of the Council of May 20, 2019 on certain aspects concerning contracts for the sale of goods, amending Regulation (EU) 2017/2394 and Directive 2009/22/EC, and repealing Directive 1999/44/EC.
- 3) Resolution of the Cabinet of Ministers of Ukraine No. 839 of August 11, 2023 "On approval of the Procedure for preliminary identification of the age of users of websites of manufacturers, importers of devices for the consumption of tobacco products without their burning and/or electronic cigarettes" - to create conditions for restricting access of minors to the websites of manufacturers, importers to obtain information about devices for the consumption of tobacco products without their burning, electronic cigarettes.

Also during the year, in order to bring national legislation in line with the EU legislation on the list of goods not subject to replacement (return), a draft Resolution of the Cabinet of Ministers of Ukraine "On approval of the list of goods not subject to replacement (return)" was developed and submitted for approval to the relevant authorities.

## SOCIAL POLICY AND LABOR RELATIONS



### SOCIAL POLICY

In 2023, citizens were paid their pensions, social benefits, welfare payments and subsidies in full.

In 2023, the reform of monetization of benefits and housing subsidies was completed. An experimental mechanism for the fast and efficient provision of housing subsidies was introduced, which simplifies the process of application for housing subsidies as much as possible while strengthening the targeting of their provision.

In addition, the PeReHID initiative was launched to support a sustainable transition from emergency humanitarian response to recovery and strategic resilience projects, and to strengthen national systems and support the government's social protection reform program.

Pursuant to the European Commission's recommendations, a mechanism is being developed to gradually transition from round-the-clock inpatient care for the elderly and people with disabilities to the provision of social services for supported living and day care in the community.

In addition, in 2023:

- piloting of the social service of supported living was carried out;
- a pilot project was implemented to engage social workers in multidisciplinary rehabilitation teams at healthcare facilities.
- the issue of engaging social workers to work as part of multidisciplinary rehabilitation teams was regulated;
- the mechanism for providing rehabilitation aids was improved.

The possibility of prosthetics for combatants with highly functional lower limb prostheses, as well as bionic prostheses in case of high amputation of an arm during primary prosthetics, was created.

The professional standard "Prosthetist - Orthotist" was approved and a bachelor's and master's program for training prosthetist-orthotists (bioengineering) was introduced.

The Coordination Center for the Development of Family Upbringing and Child Care, established in accordance with the Resolution of the Cabinet of Ministers of Ukraine No. 538 dated May 26, 2023, is developing a Strategy for ensuring the right of every child in Ukraine to grow up in a family environment for 2024-2028, in accordance with the recommendations of the European Commission.

The government provides support to the most vulnerable segments of the population, in particular through increasing the amount of pension payments and the timeliness of

their payment. As of December 31, 2023, the number of pensioners amounted to 10.5 million people; the average pension amounted to UAH 5,385.25.

The issue of the right to a pension for persons who reside/have resided in the territory where hostilities are (were) conducted and/or in the territory of Ukraine temporarily occupied by the Russian Federation has been regulated. In particular, the Law regulates the terms and methods of physical identification for continuation of pension payments to internally displaced persons, and provides additional opportunities for identification via video conferencing.

Since 2014, 4.9 million internally displaced persons (IDPs) have been registered in Ukraine, including 3.6 million citizens who fled their place of residence for the first time after the full-scale invasion of Ukraine. The number of recipients of housing assistance in December 2023 amounted to 2.5 million people. The Government of Ukraine has decided to amend the procedure for providing IDP assistance in terms of strengthening the targeting of its provision to such persons, taking into account their financial and property status, setting the duration of the housing allowance, and encouraging individuals of working age to find employment.

## LABOUR RELATIONS

In 2023, a number of measures were taken to achieve the European integration goals under the Association Agreement. In particular, important regulations were adopted, namely the Law of Ukraine No. 2937-IX "On collective agreements and contracts" dated February 23, 2023 and the Law of Ukraine No. 3256-IX "On Amendments to the Code of Ukraine on Administrative Offenses to strengthen liability for violation of the Law on Collective Agreements and Contracts" dated July 14, 2023, which enhances the role of collective bargaining in regulating labour relations, strengthens the protection of the rights of employees and employers, establishes cooperation between the parties to social dialogue and ensures liability for violation of requirements when concluding and implementing collective agreements and contracts respectively.

These laws implement the Directives set out in Annex XL of the Association Agreement, in particular Council Directive 2001/23/EC and Directive 2019/1152 of the European Parliament and of the Council, which replaced Directive 91/533/EEC.

Work is ongoing to modernize labour legislation in the context of the development of the Labor Code. A working group is currently working on the draft law with the involvement of all stakeholders in the process.

The Parliament is also considering European integration draft laws aimed at implementing the Directives set out in Annex XL of the Association Agreement and taking into account the provisions of the ILO conventions and recommendations, in particular:

- the Draft Law of Ukraine "On safety and health of workers at work" (reg. No. 10147 of October 13, 2023) (aimed at implementing Council Directive No. 89/391/EEC, Council Directive No. 92/85/EEC, Council Directive No. 89/656/EEC, Directive 2009/104/EC of the European Parliament and of the Council, Directive 2003/88/EC of the European Parliament and of the Council, Directive 2004/37/EC of the European Parliament and of the Council, Council Directive 94/33/EC);
- the Draft Law of Ukraine "On amendments to certain legislative acts of Ukraine

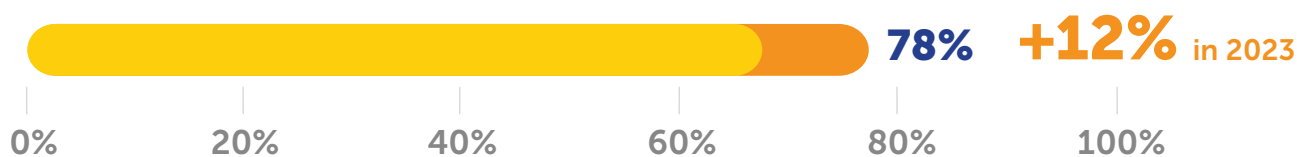
regarding liability for violation of the requirements of legislation on safety and health of workers at work” (reg. No. 10148 of October 13, 2023) (aimed at implementing Directive 1999/92/EC of the European Parliament and of the Council and takes into account the provisions of Council Directive 89/391/EEC).

In addition, tangible progress has been made in protecting employees from negative factors that may be associated with work processes, such as the harmful effects of asbestos, vibration, noise, carcinogens and mutagens, biological agents, chemicals, and electromagnetic fields. In particular, in 2023, the Cabinet of Ministers of Ukraine adopted Resolution No. 86 of January 31, 2023 “On approval of the list of hazardous substances prohibited for use in Ukraine” and 9 orders of the Ministry of Health, among others:

- Order of the Ministry of Health of Ukraine No. 1013 dated June 05, 2023 “On approval of the state sanitary norms and rules “On safety and protection of workers from the harmful effects of asbestos and materials and products containing asbestos” registered with the Ministry of Justice of Ukraine on August 09, 2023 under No. 1345/40401;
- Order of the Ministry of Health of Ukraine No. 201 dated February 03, 2023 “On approval of the hygienic standard “List of substances, products, production processes, household and natural factors mutagenic to humans and Hygienic regulations for the maximum permissible concentration of mutagens in the air of the working area”, registered with the Ministry of Justice of Ukraine on March 13, 2023 under No. 440/39496 and No. 441/39497;
- Order of the Ministry of Health of Ukraine No. 1281 dated July 17, 2023 “On approval of the Procedure for assessing carcinogenic and mutagenic risks and employers’ actions in case of detection of the risk of exposure of employees to carcinogens and mutagens”, registered with the Ministry of Justice on August 29, 2022 No. 910/38246;
- Order of the Ministry of Health of Ukraine “On approval of the Procedure for assessing the level of danger of exposure to biological agents for employees and the Unified list of biological agents that pose or may pose a danger to human health” No. 365 of February 22, 2023, registered with the Ministry of Justice of Ukraine on April 24, 2023 under No. 652/39708;
- Order of the Ministry of Health of Ukraine dated January 31, 2023, No. 186 “On approval of Special protective measures in production processes, laboratories and facilities for keeping animals”, registered with the Ministry of Justice of Ukraine on April 05, 2023, No. 559/39615;
- Order of the Ministry of Health of Ukraine dated February 13, 2023 No. 285 “On approval of the Limit and working levels of industrial vibration and the Procedure for assessing the level of danger of vibration exposure to an employee”, registered with the Ministry of Justice of Ukraine on March 29, 2023 under No. 535/39591, 536/39592;
- Order of the Ministry of Health of Ukraine dated March 23, 2023 No. 540 “On approval of limit and working values of noise exposure”, registered with the Ministry of Justice of Ukraine on April 07, 2023 under No. 593/39649;

- Order of the Ministry of Health of Ukraine No. 81 dated January 13, 2023 “On approval of the Minimum requirements for health and safety of workers exposed to electromagnetic fields”, registered with the Ministry of Justice of Ukraine on January 30, 2023 under No. 184/39240;
- Order of the Ministry of Health of Ukraine “On approval of the Minimum safety and hygiene requirements for manual handling of goods” dated June 30, 2023 No. 1191, registered with the Ministry of Justice on August 23, 2023 No. 1480/40536 and effective as of September 1, 2023.

## PUBLIC HEALTH



The armed aggression of the Russian Federation has severely strained Ukraine's healthcare system, resulting in destruction of healthcare facilities, increased demand for medical services, and infrastructure damage. With the support of the European partners, Ukraine has not only maintained the resilience and accessibility of healthcare, but also continues to bring the system closer to the European standards.

In 2023, two key laws were adopted, namely: The Law of Ukraine "On the Public Health System" and the new edition of the Law of Ukraine "On Medicines". At the same time, the Law of Ukraine "On the Public Health System" remains partially aligned with the EU acquis, in particular, with regard to communicable and non-communicable diseases, and cross-border health threats.

On January 12, 2023, the Verkhovna Rada of Ukraine ratified the Agreement between Ukraine and the EU on Ukraine's participation in the EU4Health program. Ukraine has been granted access to the EU's healthcare funding, which will allow to raise additional funds for the prevention and treatment of cardiovascular, cancer and other non-communicable diseases, and will strengthen the institutional capacity of the healthcare system in Ukraine, bringing it closer to the common healthcare space with the EU.

A significant level of implementation has been achieved in the approximation to the European standards in terms of blood system development through the full implementation of four EU Directives in the field of blood safety, namely:

- Directive 2002/98/EC of the European Parliament and of the Council of January 27, 2003 setting standards of quality and safety for the collection, testing, processing, storage and distribution of human blood and blood components and amending Directive 2001/83/EC;
- Commission Directive 2004/33/EC of March 22, 2004 implementing Directive 2002/98/EC of the European Parliament and of the Council as regards certain technical requirements for blood and blood components;
- Commission Directive 2005/61/EC of September 30, 2005 implementing Directive 2002/98/EC as regards traceability requirements and notification of serious adverse reactions and events;
- Commission Directive 2005/62/EC of September 30, 2005 implementing Directive 2002/98/EC of the European Parliament and of the Council as regards Community standards and specifications relating to a quality system for blood establishments.

In order to implement these Directives, a number of regulatory acts were adopted to create conditions for the implementation of:

- a coordinated information policy and digital solutions in the field of blood donation in accordance with the EU legislation;

- development of the blood system and algorithms for investigating serious adverse events and reactions related to the collection, testing, processing, storage and distribution of donated blood and blood components, and during or after transfusion;
- the procedure for investigating serious adverse events and reactions related to the collection, testing, processing, storage and distribution of donated blood and blood components, and during or after transfusion.

At the same time, an effective mechanism was introduced to prevent shortages of donor blood and blood components during martial law or emergencies by regulating the procedure for importing donor blood and blood components into Ukraine as humanitarian aid to meet the needs of healthcare facilities to ensure the continuous provision of transfusion care in case of such a need.

In addition, the following laws were adopted to bring Ukraine closer to the European norms and standards:

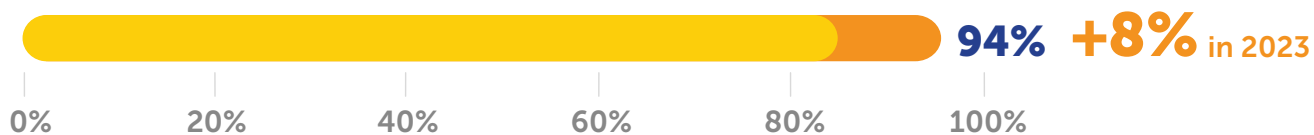
- The Law of Ukraine "On amendments to the Law of Ukraine "On combating the spread of diseases caused by the human immunodeficiency virus (HIV) and legal and social protection of people living with HIV" regarding the application of modern approaches to the prevention, testing and treatment of HIV infection in accordance with the guidelines of the World Health Organization" of January 12, 2023 No. 2869-IX.
- The Law of Ukraine "On overcoming tuberculosis in Ukraine" of July 14, 2023, No. 3269-IX, which updated and revised the provisions of the legislation related to combating tuberculosis, synchronized them with current healthcare legislation and regulated the application of modern medical science and practice in accordance with WHO guidelines to ensure proper diagnosis, prevention and treatment of tuberculosis.
- The Law of Ukraine "On amendments to certain legislative acts of Ukraine on telemedicine functioning" No. 3301-IX dated August 9, 2023. It introduces a comprehensive and systematic approach to formation and implementation of the state policy on telemedicine development to preserve and strengthen the nation's health by improving the quality and accessibility of medical services, expanding opportunities for patients, and increasing the efficiency of management and use of healthcare resources.

In 2023, the Medical Guarantees Program (hereinafter referred to as the MGP) was implemented. One of the priority areas was medical rehabilitation and psychological assistance: mental health care at the family doctor's office was fully launched to preserve the mental health of Ukrainians, rehabilitation packages were improved, and outpatient and inpatient rehabilitation care was differentiated.

The reimbursement program "Affordable Medicines" was further modified to meet the needs of patients and ensure access to outpatient treatment. In 2023, the program was expanded with three new areas: immunosuppressive medicines for post-transplantation patients, painkillers for palliative care patients. The first medical devices were also added to the program - glucose test strips for individual glucose meters.

In 2023, the NHSU paid special attention to the efficiency of the use of funds for the MGP, which should be used to provide quality, affordable and free medical care to patients.

## EDUCATION, TRAINING AND YOUTH



A framework document on cooperation in education was signed between the European Commission and the Ministry of Education and Science of Ukraine (hereinafter - MESU).

The Roadmap for Ukraine's European Integration in Education and Science until 2027 was approved (Order of the Ministry of Education and Science of Ukraine No. 1501 of December 11, 2023).

The representatives of Ukraine were nominated to the working groups of the European Education Area strategic framework, and the national unit of the European educational information network Eurydice for Ukraine was determined.

Ukraine actively participates in the EU Erasmus+ program and uses all the opportunities provided. In the new 2021-2027 period, more opportunities are available for Ukrainian participants. In 2023, 20 new projects were selected in the area of Higher Education Capacity Building for 107 organizations from Ukraine. In addition, 92 projects were supported under the Jean Monnet Program.

On June 15, 2023, within the framework of the Erasmus+ program, the European Commission and the Ministry of Education and Science signed an Agreement on Cooperation in Education, which provides participants of the Eastern Partnership initiative with the opportunity to participate in capacity building activities for youth and sports.

In cooperation with the European Commission, the Erasmus+ Annual Work Program for 2023 was adopted with an increased annual budget of EUR 100 million. These funds are aimed at supporting those affected by the war, which has opened up opportunities for Ukrainian organizations to engage in cooperation in the field of youth and sports as partners in projects coordinated by organizations from the EU member states or third countries that have an association with the Erasmus+ program.

For 2024, 35 new EU Erasmus+ Program competitions aimed at international mobility and cooperation in education, professional development, youth and sports have been opened for Ukraine.

## PROFESSIONAL EDUCATION

In order to ensure the rights of vocational (vocational-technical) education students during martial law, the Regulation on the interruption of training by vocational (vocational-technical) education students and granting them academic leave in the conditions of martial law, emergency or state of emergency (special period) was adopted (Order of the Ministry of Education and Science of Ukraine No. 394 of April 5, 2023). In 2023, 365 people used the right to academic leave.

30 state educational standards for specific professions were approved, which are



developed, in particular, in line with the EU framework of updated Key Competencies for Lifelong Learning (2018/C 189/01).

The EU program “EU4Skills: Better Skills for Modern Ukraine” organized courses until June 2023 for vocational teachers to improve their skills in English, gender approach, conflict and stress management, burnout prevention, information security, etc. Component 3 of the EU4Skills: Modernization of Vocational Education and Training Infrastructure in Ukraine” funded the procurement of equipment and repairs in 12 vocational education institutions.

The composition of the working group on the harmonization of the National qualifications framework with the European qualifications framework for lifelong learning was approved (Order of the Ministry of Education and Science of Ukraine No. 1323 of October 30, 2023).

As of the end of 2023, 51 qualification centers accredited by the National Qualifications Agency have been established in Ukraine, providing services for the confirmation of 177 professional qualifications.

The National Qualifications Agency has been designated to perform the functions of the National Euroguidance Center, the National Europass Center and the National Coordination Point of the European Qualifications Framework.

## HIGHER EDUCATION AND ADULT EDUCATION

As of the end of 2023, 338 out of 355 higher education standards have been developed (113 draft standards for the Bachelor’s degree, 121 draft standards for the Master’s degree, 104 draft standards for the Doctor of Philosophy degree). By 2024, it is planned to complete the development of all other standards. 267 higher education standards have been approved, including: 110 standards for the Bachelor’s degree, 101 standards for the Master’s degree, and 56 standards for the Doctor of Philosophy degree.

## SPORTS AND PHYSICAL CULTURE

In order to adapt the national system of sports of higher achievements to modern socio-economic conditions and take into account global trends in the development of sports, and to improve the activities of sports federations, the Ministry of Youth and Sports of Ukraine (hereinafter - the Ministry of Youth and Sports) has developed a draft Law “On amendments to the Law of Ukraine “On Physical Culture and Sports” (reg. No. 9499 of July 17, 2023), which provides for the following:

- defining the powers of the central executive body responsible for the formation and implementation of state policy in the field of physical culture and sports, and the central executive body in the field of education and science regarding the development of physical education and sports in educational institutions;
- regulation of the activities of sports federations in various sports;
- wide engagement of civil society institutions in the implementation of state policy in the field of physical culture and sports on the basis of equal partnership;

- regulation of the activities of specialized sports education institutions, taking into account the specific conditions of education;
- defining the general principles of implementation and administration of electronic information and analytical systems and services, electronic registers;
- regulating the activities of sports federations in various sports.

## YOUTHS POLICY

The Strategy for Strengthening Ukrainian National and Civic Identity until 2030 was approved and an operational plan for its implementation in 2023-2025 was approved (Resolution of the Cabinet of Ministers of Ukraine No. 1322 of December 15, 2023).

As part of the Spilnodiya Program, the Ministry of Youth and Sports, in cooperation with the Ukrainian Center for Independent Political Research and the NGO Together Against Corruption, with financial support from the European Union and in partnership with the Eastern Europe Foundation, developed an online educational course "United Ukraine: Formation of National Identity". The course is aimed at shaping Ukrainian national and civic identity, deepening knowledge of Ukraine's modern history, and development of volunteer movements.

Ukrainian Youth Foundation (hereinafter referred to as the UYF) was established to provide grants to entities working with youth to support youth projects that are important for the state, which will address critical youth issues and fulfil certain youth policy tasks (Resolution of the Cabinet of Ministers of Ukraine No. 182 of February 28, 2023). The UYF was created on the basis of partnership between the state and international organizations and is part of the youth policy reform in Ukraine.

The Ministry of Youth and Sports is implementing the Youth Worker training program, launched in 2017 in cooperation with the United Nations Development Program in Ukraine. In 2023 the Ministry of Youth and Sports together with the Ukrainian Youth Center conducted 47 basic trainings for the youth workers.

As part of the Youth Worker program and to promote youth work, the Ministry of Youth and Sports, together with the state institution Ukrainian Youth Center, with the support of the United Nations Development Program in Ukraine, held the 2022-2023 Youth Work Best Practices Competition. After the competition, 10 winners were selected in the following nominations: "Support for Youth Projects and Initiatives", "Education and Outreach", "Social Cohesion, including Integration of Internally Displaced Persons", "Meaningful Leisure and Camping", "Mental Health", "Volunteering and Humanitarian Response".

According to the agreements between the Cabinet of Ministers of Ukraine and the governments of the Republic of Poland and the Republic of Lithuania, 11 projects (involving 339 young people) and 5 projects (involving 118 young people) were implemented within the framework of Ukrainian-Polish and Ukrainian-Lithuanian youth exchanges, respectively.

## FINANCIAL COOPERATION AND COMBATING FRAUD



In 2023 Ukraine continued to implement measures aimed at implementing the provisions of Title VI of the Association Agreement. On March 27, 2023, the Administrative Agreement on Cooperation between the State Audit Service and the European Anti-Fraud Office (OLAF) was signed, which establishes the scope of cooperation between the two bodies, in accordance with their respective mandates, to protect the EU's financial interests through fighting fraud, corruption and any other illegal activity, to ensure the optimal use of available resources.

One of the main tasks of the State Audit Service as the National Contact Point (NCP) for organizing interaction with the European Anti-Fraud Office (OLAF) is to ensure that OLAF is informed of facts of fraud, corruption or any other illegal activity that may affect the interests of the European Union. In 2023, the State Audit Service informed OLAF of such facts concerning potential fraud with the EU funds within the framework of cross-border and border cooperation projects. The reporting was also based on information from other bodies, including the Accounting Chamber and the Cabinet of Ministers of Ukraine. Based on the results of the reporting, OLAF initiated an investigation and in the first half of this year OLAF representatives mission visited Ukraine.

The State Audit Service, as the NCP, facilitated the inspections in the framework of the mission and its employees participated in them. Engagement in the investigation laid a solid foundation for further practical cooperation with OLAF. In addition, OLAF and the NCP have ongoing working communications and assist in obtaining the information OLAF needs to conduct its investigations by sending requests to the authorities in charge of relevant issues.

In order for Ukraine to join the EU AntiFraud Program in 2023 the Ministry of Finance and the State Audit Service, together with the EU Party, have prepared the text of the Agreement between Ukraine, of the one party, and the European Union, of the other party, on Ukraine's participation in the EU AntiFraud Program. The relevant draft regulation on authorizing the signing of the said international agreement was submitted to the Cabinet of Ministers of Ukraine for consideration.

In addition, in order to introduce a mechanism of interagency cooperation between the NCP and OLAF, the State Audit Service has developed a draft resolution of the Cabinet of Ministers of Ukraine, which provides for the approval of the relevant Procedure. The adoption and implementation of the draft resolution will facilitate effective cooperation and information exchange with OLAF and ensure the creation of an effective mechanism of interagency cooperation between the State Audit Service as a NCP and public authorities to combat fraud, corruption and other illegal activities that negatively affect the financial interests of Ukraine and the European Union.

Also, under the coordination of the State Audit Service, a constituent meeting of the Working Group on the development of regulations to protect the financial interests of the EU was held, whose activities are in line with the objectives of Directive (EU) No. 2017/1371 of the European Parliament and of the Council of July 5, 2017 on the fight against fraud to the Union's financial interests by means of criminal law and Regulation (EU) No 883/2013 of the European Parliament and of the Council of September 11, 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999.

During the meeting, the members of the working group divided the areas for drafting the law on the protection of the EU's financial interests among the members of the working group, and outlined the need, relevance and general approaches to the urgent development of the draft law. The draft procedure for implementing the mechanism of interagency cooperation with the State Audit Service as the NCP for organizing interaction with OLAF and the need to promptly review it with the interested public authorities in accordance with the established procedure were discussed separately.

In order to bring national legislation in line with the provisions set out in Annex XLIV to the Association Agreement, the draft laws of Ukraine "On amendments to the Criminal Code of Ukraine regarding liability for illegal actions with funds or assets of the budgets of the European Union" and "On amendments to the Criminal Procedure Code of Ukraine regarding liability for illegal actions with funds or assets of the budgets of the European Union" were submitted to the Cabinet of Ministers of Ukraine for consideration. According to the decision of the Governmental Committee in charge of European and Euro-Atlantic integration dated October 09, 2023, the drafts of the said laws of Ukraine were sent to the EU Party for consideration in order to determine their compliance with the provisions of the EU legislation. Consultations (correspondence, online meetings) with the EU Party on the compliance of the draft laws of Ukraine with the provisions of the EU legislation are currently underway.

In 2023, the Cabinet of Ministers of Ukraine approved the draft Decision of the EU-Ukraine Association Council on Amendments to Annex XLIV to the Association Agreement, and initiated a written procedure for the adoption of the said Decision in accordance with Article 11, paragraph 2, of the Rules of Procedure of the Association Council, approved by Decision No. 1/2014 of the EU-Ukraine Association Council of December 15, 2014 on the adoption of the rules of procedure of the Association Council, the Association Committee and its subcommittees<sup>1</sup>.

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<sup>1</sup> Order of the Cabinet of Ministers of Ukraine dated August 19, 2023 No. 724-p "On approval of the draft Decision of the EU-Ukraine Association Council on Amendments to Annex XLIV to the Association Agreement between European Union, the European Atomic Energy Community and their Member States, of the one party, and Ukraine of the other party".

## DEEP AND COMPREHENSIVE FREE TRADE AREA

The European Union is Ukraine's largest trading partner.

In 2022, the share of trade in goods with the EU amounted to 55.2% of Ukraine's total trade. In January-November 2023, it was 56.2%, while in the same period of 2022 it was 55.1%. In January-November 2023, compared to the same period in 2022, foreign trade turnover increased by 1.9%, exports decreased by 16.5%, and imports increased by 21.6%.

### Exports in 2023: \$23.4 billion (↓16,1 %):

- cereals – 19,6 % (↓2,1 %);
- fats and oils – 12,7 % (↓2,5 %);
- ferrous metals – 9,2 % (↓22,3 %);
- seeds and products of oil plants – 8,3 % (↓33,2 %);
- ores, slags – 7,1 % (↓30,1 %);
- electrical machinery – 6,4 % (↓35,0 %);
- wood and wood products – 5,3 % (↓22,9 %);
- residues and waste from the food industry – 3,4 % (↑55,8 %).

### Imports in 2023: \$32.5 billion (↑20,5 %):

- energy materials – 20,4 % (↑2,4 %);
- means of land transport, except for railways – 11,3 % (↑25,2 %);
- nuclear reactors, boilers, machinery – 8,2 % (↑38,1 %);
- electrical machinery – 5,0 % (↑9,7 %);
- plastics, polymeric materials – 4,8 % (↑15,5 %);
- pharmaceutical products – 4,7 % (↑20,0 %);
- fertilizers – 2,1 % (↑62,4 %);
- various chemical products – 2,0 % (↓2,5 %).

### Balance in 2023: - \$9.1 billion.

In 2023, 252,331 EUR.1 certificates were issued for exports to the EU member states, and 331 exporters received the status of authorized exporters, which allows them to export to the EU without issuing a EUR.1 certificate.

Particular attention is paid to the prospect of resuming a dialogue on updating customs tariffs in accordance with Article 29 of the Association Agreement.

On June 6, 2023, Regulation (EU) 2023/1077 of the European Parliament and of the Council of May 31, 2023 on the extension by the EU until June 5, 2024 (inclusive) of measures for the temporary liberalization of trade with Ukraine, covering the abolition of all duties, quotas and trade restrictions on Ukrainian exports in force since June 2022, entered into force.

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