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# COUNCIL IMPLEMENTING DECISION (EU) 2024/3220

## of 9 December 2024

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

THE COUNCIL OF THE EUROPEAN UNION,

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

Having regard to Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility ([1]), and in particular Article 26(4) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) Pillar I of the Ukraine Facility ('the Facility') makes financial support of up to EUR 38 270 000 000 available to Ukraine for the period 2024–2027 in the form of non-repayable support and loans. Financing under pillar I is mainly allocated on the basis of the Ukraine Plan of the Ukraine Facility ('the Plan'). The Plan sets out the reform and investment agenda for Ukraine, and the qualitative and quantitative steps that are linked to funding under pillar I of the Facility.

(2) Pursuant to Article 19 of Regulation (EU) 2024/792, the Council approved the assessment of the Plan by means of Implementing Decision (EU) 2024/1447 ([2]), which sets out the timetable for monitoring and implementing the Plan, including the qualitative and quantitative steps that are linked to the funding under pillar I of the Facility.

(3) The total sum of financial resources made available to the Plan under Implementing Decision (EU) 2024/1447 amounts to EUR 32 270 000 000, of which EUR 5 270 000 000 is in the form of non-repayable financial support and up to EUR 27 000 000 000 is in the form of a loan.

(4) In accordance with Articles 24 and 25 of Regulation (EU) 2024/792, EUR 6 000 000 000 has been disbursed to Ukraine as exceptional bridge financing, and EUR 1 890 000 000 has been disbursed to Ukraine in the form of pre-financing representing an advanced payment of 7 % of the loan support that Ukraine is eligible to receive under the Plan.

(5) In accordance with Article 26(4) of Regulation (EU) 2024/792, EUR 4 165 092 857 has been disbursed to Ukraine under the first instalment, of which EUR 1 500 000 000 in the form of non-repayable financial support and EUR 2 665 092 857 in the form of loans. In accordance with the Loan Agreement concluded between the Union and Ukraine pursuant to Article 22 of Regulation (EU) 2024/792, an amount of EUR 200 598 387 from the first instalment was utilised to clear the pre-financing of the loan.

(6) In accordance with Article 26(2) of Regulation (EU) 2024/792, on 10 October 2024, Ukraine submitted a request for the payment of the second instalment of the non-repayable financial support and of the loan support, amounting to EUR 4 248 847 926, as set out in the Annex to this Decision, and provided evidence demonstrating the satisfactory fulfilment of eight of the nine qualitative and quantitative steps. Additional evidence relating to the satisfactory fulfilment of the remaining step was submitted on 31 October 2024. The request was accompanied by the documents required under Article 12 of the Framework Agreement, Article 5 of the Financing Agreement and Article 6 of the Loan Agreement concluded between the Union and Ukraine, pursuant to Articles 9, 10 and 22, respectively, of Regulation (EU) 2024/792.

([1]) OJ L, 2024/792, 29.2.2024, ELI: http://data.europa.eu/eli/reg/2024/792/oj.
([2]) Council Implementing Decision (EU) 2024/1447 of 14 May 2024 on the approval of the assessment of the Ukraine Plan (OJ L, 2024/1447, 24.5.2024, ELI: http://data.europa.eu/eli/dec_impl/2024/1447/oj).

(7) In accordance with Implementing Decision (EU) 2024/1447, Ukraine has provided, along with its request for payment, evidence demonstrating the satisfactory fulfilment of the nine steps due by Q3-2024. Those nine steps relate to various reforms set out in the Plan under the chapters on the fight against corruption and money laundering, human capital, the business environment, decentralisation and regional policy, the energy sector and the green transition and environmental protection. Ukraine's Specialised Anti-Corruption Prosecutor's Office was given the opportunity to increase its manpower. The Action Plan for the implementation of the Asset Recovery Strategy for 2023–2025, the Demographic Development Strategy for the period up to 2040, the Action Plan on deregulation and the resolutions amending the State Strategy for Regional Development for 2021–2027 were adopted. In addition, the concept note setting out the scope of derogations from Environmental Impact Assessment and Strategic Environmental Assessment rules was developed. Lastly, the laws on the Criminal Code and Criminal Procedure Code and on industrial pollution and the secondary legislation on the Wholesale Energy Market Integrity and Transparency entered into force.

(8) In accordance with Article 26(4) of Regulation (EU) 2024/792, the Commission assessed Ukraine's request in detail and made a positive assessment of the satisfactory fulfilment of the nine steps for the second instalment, as specified in the Annex to this Decision. That positive assessment has been made in the context of the implementation of the Plan. Further alignment with the EU *acquis* will be facilitated through the EU accession process.

(9) The Commission considers that Ukraine continues to fulfil the pre-condition for Union support as set out in Article 5 of Regulation (EU) 2024/792. In particular, Ukraine continues to uphold and respect effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and to guarantee respect for human rights, including the rights of persons belonging to minorities.

(10) Therefore, this Decision should establish that the relevant conditions for the payment of the second instalment under the Plan have been satisfactorily fulfilled.

(11) Considering the difficult fiscal situation Ukraine is facing, it is of utmost importance to disburse the funds as soon as possible. Given the urgency of the situation and with a view to expediting the process, this Decision should enter into force on the day of its publication in the *Official Journal of the European Union* and should apply from the date of its adoption,

HAS ADOPTED THIS DECISION:

*Article 1*

The satisfactory fulfilment of the relevant conditions for the payment of the second instalment amounting to EUR 4 248 847 926 as set out in the Annex to Implementing Decision (EU) 2024/1447 is hereby established in line with the assessment, provided by the Commission in accordance with Article 26 of Regulation (EU) 2024/792, annexed to this Decision.

*Article 2*

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

It shall apply from the date of its adoption.

Done at Brussels, 9 December 2024.

*For the Council*

*The President*

NAGY I.

*ANNEX*

**Assessment of the satisfactory fulfilment of the steps linked to the second instalment of the Ukraine Plan**

**EXECUTIVE SUMMARY**

In accordance with Article 26 of Regulation (EU) 2024/792 of 29 February 2024 establishing the Ukraine Facility ([1]), on 10 October 2024 Ukraine submitted a request for payment for the second instalment of the Ukraine Plan. To support the payment request, Ukraine provided justification of the satisfactory fulfilment of eight of the nine steps of the second instalment as set out in the Annex to Council Implementing Decision 2024/1447 of 14 May 2024 on the approval of the assessment of the Ukraine Plan ([2]). On 17 October 2024, the Commission sent an observation letter requesting justification for the satisfactory fulfilment of the missing step (Step 4.4), as well as additional justifying documents concerning other steps. On 31 October 2024 Ukraine submitted the required evidence duly justifying the satisfactory fulfilment of all nine steps.

Therefore, based on the information provided by Ukraine, all nine steps are considered satisfactorily fulfilled. As part of the chapter on the Fight Against Corruption and Money Laundering, the following measures were taken: i) increased manpower for the Specialised Anti-Corruption Prosecutor's Office; ii) amended Criminal Code and Criminal Procedure Code; and iii) adopted Action Plan for the implementation of the Asset Recovery Strategy 2023-2025.

As part of the chapter on Human Capital, the Demographic Development Strategy was adopted.

As part of the chapter on the Business Environment, the Action Plan on deregulation was adopted. As part of the chapter on Decentralisation, the State Strategy for Regional Development for 2021-2027 was adopted.

As part of the chapter on Energy, the secondary legislation on the REMIT law was adopted. As part of the chapter on the Green Transition and Environmental Protection the following measures were taken: i) adopted legislation on industrial pollution; and ii) publication of a concept note on deviations from the Environmental Impact Assessment and Strategic Environmental Assessment rules.

1) **Step 4.1**

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| **Name of the step**: Increased manpower for the Specialised Anti-Corruption Prosecutor's Office |
| **Related Reform/Investment**: Reform 1. Developing the institutional capacity of the anti-corruption framework |
| **Financed from:** Non-repayable support |
| **Context**<br>The requirement for step 4.1 described in the CID annex is:<br>*'The Specialised Anti-Corruption Prosecutor's Office is given the opportunity to increase its manpower from 10 % to 15 % of the manpower of the National Anti-Corruption Bureau'.*<br>Step 4.1 is the second step in the implementation of Reform 1 of Chapter 4 (Fight Against Corruption and Money Laundering). It was preceded by step 4.2, due by Q2-2024, that appointed a new head of the National Agency on Corruption Prevention, and it is followed by step 4.3, due by Q1-2025, that aims to increase manpower for the High Anti-Corruption Court. |

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

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

**Evidence provided**

1) Summary document duly justifying how the step was satisfactory fulfilled in line with the requirements set out in the Annex to Council Implementing Decision (EU) 2024/1447;

2) Copy of the Law of Ukraine No. 3509-IX '*On amendments to the Criminal Procedure Code of Ukraine and other legislative acts of Ukraine on strengthening the independence of the Specialised Anti-Corruption Prosecutor's Office*' dated 8 December 2023;

3) Copy of Law of Ukraine No. 1697-VII '*On the Prosecutor's Office*' dated 18 May 2024;

4) Copy of the Law of Ukraine No. 3460-IX '*On the State Budget of Ukraine for 2024*' dated 21 September 2024;

5) Copy of the Decree of the Cabinet of Ministers of Ukraine no. 520-r '*On the redistribution of some state budget expenditures provided for the Prosecutor-General Office for 2024*' dated 7 June 2024;

6) Copy of draft Law of Ukraine No. 12000 '*On the State Budget of Ukraine for 2025*' dated 14 September 2024;

7) Copy of the explanatory note of the draft Law of Ukraine No. 12000 '*On the State Budget of Ukraine for 2025*' dated 14 September 2024.

**Analysis**

The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of step 4.1.

The overall objective of Reform 1 of Chapter 4 is to increase the overall capacity of the anti-corruption infrastructure to fight corruption. The Parliament adopted the Law of Ukraine No. 3509-IX on amendments to the Criminal Procedure Code of Ukraine and other legislative acts of Ukraine on strengthening the independence of the Specialised Anti-Corruption Prosecutor's Office (SAPO) on 8 December 2023 (hereinafter the 'Law'). The general aim of the law is to improve the institutional and organisational independence of SAPO. Article 11 of Chapter 2 of the Law amends Article 14 of the Law of Ukraine no. 1697-VII on the Prosecutor's Office establishing that the manpower of the SAPO is 15 % of the statutory maximum number of central and territorial departments of the National Anti-Corruption Bureau (NABU).

The total budget allocated to SAPO in the Law of Ukraine on the State Budget of Ukraine for 2024 was UAH 203,3 million, out of which UAH 150,1 million for personnel. This amount was further increased in 2024 via the various amendments to the state budget law. The draft Law of Ukraine No. 12000 on the State Budget of Ukraine for 2025 of 14 September 2024 proposed the allocation of UAH 336 million for the budget of SAPO, out of which UAH 256,9 million for personnel, a 71 % increase of funding for 2025. While the Law of Ukraine on the State Budget of Ukraine for 2025 has not yet been adopted at the time of this assessment, there is an expectation that these allocations will not be amended significantly. Overall, with these financial allocation in place, SAPO will have the required means to increase its manpower from 10 % to 15 % of the manpower of NABU.

**Commission assessment:** Satisfactorily fulfilled

2) **Step 4.4**

**Name of the step**: Entry into force of the amended Criminal Code and of the Criminal Procedure Code

**Related Reform/Investment**: Reform 2. Improving the legal framework for a more effective fight against corruption

**Financed from:** Non-repayable support

**Context**

The requirement for step 4.4 described in the CID annex is:

*'Entry into force of the Laws of Ukraine on amending the Criminal Code of Ukraine and the Criminal Procedure Code of Ukraine. The laws focus on these main areas:*

— *improvement of the provisions regulating plea bargain;*

— *cancellation of the pre-trial investigation period from the time of the registration of the criminal proceedings until the notification of the suspicion;*

— *allowing to adjudicate certain cases by a single-judge of the High Anti-Corruption Court'.*

Step 4.4 is the first step in the implementation of Reform 2 of Chapter 4 (Fight Against Corruption and Money Laundering). It is implemented in parallel with step 4.6 on the adoption and publication of the Action Plan for the implementation of the Asset Recovery Strategy for 2023-2025. It is followed by step 4.7, due by Q1-2025, on the entry into force of the Law reforming the Asset Recovery and Management Agency and by step 4.5, due by Q2-2026, that aims to adopt and publish the Anti-Corruption Strategy and the State Anti-Corruption Program for the period after 2025.

**Evidence provided**

1) Summary document duly justifying how the step was satisfactory fulfilled in line with the requirements set out in the Annex to Council Implementing Decision (EU) 2024/1447;

2) Copy of the Law of Ukraine No. 4033-IX '*On Amendments to the Criminal Code of Ukraine and the Criminal Procedural Code of Ukraine on Improving the Regulation of Plea Agreements in Criminal Proceedings Regarding Corruption Criminal Offenses and Criminal Offenses Related to Corruption*' dated 29 October 2024;

3) Copy of the Law of Ukraine No. 3509-IX '*On amendments to the Criminal Procedure Code of Ukraine and other legislative acts of Ukraine on strengthening the independence of the Specialised Anti-Corruption Prosecutor's Office*' dated 8 December 2023;

4) Copy of the Law of Ukraine No. 3655-IX '*On amendments to Article 31 of the Criminal Procedure Code of Ukraine on improvement the procedure for criminal proceedings*' dated 24 April 2024;

5) Copy of the Criminal Code of Ukraine No. 2341-III dated 5 April 2001;

6) Copy of the Criminal Procedure Code of Ukraine No. 4651-VI dated 13 April 2012.

**Analysis**

The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of step 4.4.

*On the improvement of the provisions regulating plea bargain*

The Parliament adopted the Law of Ukraine No. 4033-IX 'On Amendments to the Criminal Code of Ukraine and the Criminal Procedural Code of Ukraine on Improving the Regulation of Plea Agreements in Criminal Proceedings Regarding Corruption Criminal Offenses and Criminal Offenses Related to Corruption' on 29 October 2024. The law entered into force on 1 November 2024. The aim of the law is to increase the efficiency of criminal proceedings in corruption criminal offences by improving the provisions regulating plea bargaining. Article 53 of the Criminal Code of Ukraine (hereinafter 'CC') as amended establishes that in case of plea bargain in criminal proceedings regarding corruption criminal offences the court may impose an additional penalty in the form of a fine within the limits determined in the article. Furthermore, Article 77 of the CC as amended sets out that in case of release from serving the main sentence with probation, additional penalties may be imposed, including confiscation of property.

Article 69(2) of the CC as amended establishes that in criminal proceedings concerning corruption offences, parties to the plea agreement may agree on penalty in the form of deprivation of liberty that is below the lowest limit established in the article prescribing the sanction, subject to compliance with the requirements of Article 469(2) of the Criminal Procedure Code of Ukraine (hereinafter 'CPC'). It also sets out that the parties cannot agree on a penalty below the lowest limit set out in Article 63 of the CC. Under Article 469(2) of the CPC, a plea agreement can be concluded in corruption criminal offences, subject to exposure by the suspect or accused of another person committing any corruption criminal offense, confirmed by evidence, and subject to full or partial compensation of damages (taking into account the nature and degree of a person's participation in the criminal act).

Article 470 of the CPC as amended lays down the decision-making procedure for concluding a plea agreement and outlines the role of the Specialised Anti-Corruption Prosecutor's Office (SAPO) in plea bargains related to criminal proceedings concerning corruption offences. Article 474 of the CPC as amended introduces the right for the parties to the plea agreement to amend the concluded agreement before the court deliberation. In addition, in case the court refuses to approve the agreement, the parties may propose another agreement which does not include the elements that caused the initial rejection by the court.

*On the cancellation of the pre-trial investigation period from the time of the registration of the criminal proceedings until the notification of the suspicion*

The Parliament also adopted the Law of Ukraine No. 3509-IX 'On Amendments to the Criminal Procedure Code of Ukraine and Other Legislative Acts of Ukraine to Strengthen the Independence of the Specialized Anti-Corruption Prosecutor's Office' on 8 December 2023. The law entered into force on 1 January 2024. The general aim of the law is to improve the institutional and organisational independence of the SAPO.

Under the previous legal framework, time limits for pre-trial investigations were calculated from the moment of entering the information of the criminal proceedings into a register. Article 219 of the CPC as amended cancels the pre-trial investigation period from the time of the registration of the criminal proceedings until the notification of the suspicion and establishes that the period of pre-trial investigation shall be calculated from the moment of notifying a person of suspicion until the day of applying to the court. The new provisions apply to all criminal proceedings where the pre-trial investigation was not completed before the day of the entry into force of the Law of Ukraine No. 3509-IX.

*On allowing to adjudicate certain cases by a single judge of the High Anti-Corruption Court*

The Parliament adopted the Law of Ukraine No. 3655-IX 'On Amendments to Article 31 of the Criminal Procedure Code of Ukraine to Improve the Procedure for Conducting Criminal Proceedings' on 24 April 2024 and the law entered into force on 16 May 2024. The law aims to improve the effectiveness of the anti-corruption framework and increase the efficiency of criminal proceedings by extending the possibility for a single judge to adjudicate in the court of first instance. The law amends Article 31 of the CPC and establishes that in the court of first instance, criminal proceedings shall be conducted by a single judge as a rule. The law abolishes the general exemption regarding the High Anti-Corruption Court and extends the possibility to adjudicate by a single judge to the cases under the jurisdiction of the High Anti-Corruption Court. The amended rules on the composition of the court will apply to criminal proceedings in which hearings had not begun before the entry into force of the Law of Ukraine No. 3655-IX.

**Commission assessment:** Satisfactorily fulfilled

3) **Step 4.6**

**Name of the step**: Adoption of an Action Plan for the implementation of the Asset Recovery Strategy for 2023-2025

**Related Reform/Investment**: Reform 2. Improving the legal framework for a more effective fight against corruption

**Financed from:** Loans

**Context**

The requirement for step 4.6 described in the CID annex is:

*'Adoption and publication on the website of the Cabinet of Ministers of an Action Plan for the implementation of the Asset Recovery Strategy for 2023-2025.'*

Step 4.6 is the second step in the implementation of Reform 2 of Chapter 4 (Fight Against Corruption and Money Laundering). It is implemented in parallel with step 4.4 on the amended Criminal Code and the Criminal Procedure Code. It is followed by steps, 4.7 due by Q1-2025 on the entry into force of the Law reforming the Asset Recovery and Management Agency, and 4.5 due by Q2-2026 that aims to adopt and publish the Anti-Corruption Strategy and the State Anti-Corruption Program for the period after 2025.

**Evidence provided**

1) Summary document duly justifying how the step was satisfactory fulfilled in line with the requirements set out in the Annex to Council Implementing Decision (EU) 2024/1447;

2) Copy of the Order No 759-r of the Cabinet Ministers of Ukraine '*On approval of the action plan for implementation Asset Recovery Strategies for 2024-2025*' dated 13 August 2024;

3) Copy of the '*Action Plan for the implementation of the Asset Recovery Strategy for 2023-2025*' as an attachment to the Order No 759-r dated 13 August 2024;

4) Hyperlink to the publication on the website of the Cabinet of Ministers and a screenshot.

**Analysis**

The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of step 4.6.

The Action Plan was adopted by the Cabinet of Ministers on 13 August 2024, and the decision and copy of the Plan were published on the website of the Cabinet of Ministers on the same date. The Plan outlines the measures that will be taken to implement the Asset Recovery Strategy for 2023-2025, organised according to the five strategic goals in the Strategy. For each measure, the Action Plan outlines the timeline for implementation, the entity responsible, and the expected outputs and results. Notable measures advanced by the Plan include reforms to legal confiscation mechanisms, the reform of asset return, and asset tracing and identification.

Strategic goal 1 covers the improvements in asset recovery legislation, in particular expanding and reforming legal confiscation mechanisms, and setting out the means for asset tracing and identification.

Strategic goal 2 covers the strengthening the institutional capabilities of law enforcement and other agencies, including by: proposing legislation to increase operational capacity and training in the field of asset recovery; improving access to registers, corporate data providers, financial intermediary data, and open data analysis; and strengthening cross-agency electronic data exchanges.

Strategic goal 3 covers strengthening inter-agency co-operation and data exchange, including by reforming the legal framework for such co-operation and capacity training measures.

Strategic goal 4 covers enhancing international co-operation, including by: analysis of best practices; increasing international training and the participation of foreign experts in Ukraine; and strengthening formal and informal cooperation with foreign and international entities.

Strategic goal 5 covers improving the representation and protection of Ukraine's rights and interests in national courts and foreign jurisdictions, in particular through measures to improve asset disposal and strengthen international asset recovery.

**Commission assessment:** Satisfactorily fulfilled

4) **Step 7.6**

**Name of the step**: Adoption of the Demographic Development Strategy for the period up to 2040

**Related Reform/Investment**: Reform 6. Improved functioning of the labour market

**Financed from:** Loans

**Context**

The requirement for step 7.6 described in the CID annex is:

*'Adoption of the Order of the Cabinet of Ministers of Ukraine "On Approval of the Demographic Strategy of Ukraine for the Period up to 2040". The Strategy focuses on these main areas:*

— *improving the situation in the field of fertility;*

— *reducing premature mortality, especially among men of working age;*

— *overcoming negative migration trends, through the return of forced migrants, attracting representatives of the foreign diaspora to Ukraine, etc.;*

— *promoting active longevity;*

— *creating infrastructure and security preconditions for improving the demographic situation.'*

Step 7.6 is the first step in the implementation of Reform 6 of Chapter 7 (Human Capital) concerning the improved functioning of the labour market. Reform 6 has an additional step 7.7, due in Q2-2026, aimed at the adoption of the Population Employment Strategy.

**Evidence provided**

1) Summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the Annex to the Council Implementing Decision (EU) 2024/1447;

2) Copy of the Order No. 922-r of the Cabinet of Ministers '*On the Approval of the Strategy for Demographic Development of Ukraine for the period up to 2040*' dated 30 September 2024;

3) Copy of the '*Demographic Strategy of Ukraine for the Period up to 2040*' as an attachment to the Order No. 922-r dated 30 September 2024.

**Analysis**

The justification and substantive evidence provided by the Ukrainian authorities covers all constitutive elements of step 7.6.

The Cabinet of Ministers of Ukraine adopted Order No. 922-r from 30 September 2024 *'On the Approval of the Strategy for Demographic Development of Ukraine for the period up to 2040'* (hereinafter 'the strategy'). The strategy is attached to the approved Order No. 922-r and will be accompanied by action plans regularly drafted for three-year intervals. The first *'Action Plan for the Implementation of the Strategy for Demographic Development of Ukraine for the period up to 2040'* specifies policy actions for 2024-2027. The proposed measures will support Ukraine in achieving the strategy's objectives.

Russia's war of aggression against Ukraine exacerbated many of the prevalent demographic challenges Ukraine is facing. In addition to the high number of Ukrainians fleeing Russian military aggression, the armed aggression has caused a significant increase in the mortality of Ukrainians due to the fighting and attacks on civilians. The strategy provides an analysis of the country's current demographic situation and identifies six strategic goals to mitigate the issues. Implementation of effective policies improving the demographic situation is key for the economic development of regions on the frontline and for the entire country.

The strategy aims to improve the situation in the field of fertility through improvements to reproductive healthcare, promotion of a family-friendly environment, increasing the economic self-sufficiency of families and promoting the reconciliation of work and family life. In addition, the strategy suggests the provision of comprehensive state support for families.

Moreover, the strategy focuses on reducing premature mortality, especially among men of working age. It describes ways to improve the early detection and prevention of diseases that most often lead to premature mortality or loss of health. It aims to increase the accessibility and quality of medical care and reducing risk factors for injury or mortality in everyday life. Furthermore, the strategy promotes a healthy lifestyle including through the development of sport facilities and recreation areas.

The strategy aims to overcome negative migration trends by promoting the voluntary return of Ukrainians fleeing Russian military aggression, and by intensifying official contacts with the Ukrainian diaspora. Furthermore, the strategy intends to reduce the emigration of young people from Ukraine, and to facilitate immigration to meet the labour market's needs.

In addition, the strategy promotes active ageing and longevity by encouraging the participation of older people in the labour market, by ensuring support for their health and well-being and through supporting activities catered to them.

Lastly, the strategy focuses on creating infrastructure and security conditions for improving the demographic situation. Ukraine will undertake measures to form a safe environment and to increase the level of citizen's trust in the state. Moreover, the strategy includes efforts to provide housing to citizens in accordance with their needs and capabilities and to improve the availability and quality of infrastructure.

**Commission assessment:** Satisfactorily fulfilled

5) **Step 8.1**

**Name of the step**: Adoption of the Action Plan for Deregulation

**Related Reform/Investment**: Reform 1. Improved Regulatory Environment

**Financed from:** Loans

**Context**

The requirement for step 8.1 described in the CID annex is:

*'Adoption of the Order of the Cabinet of Ministers of Ukraine regarding the approval of the Action Plan on deregulation. The Action Plan focuses on these main areas:*

*— reduction and digitisation of market access regulations;*

— *changing the punitive and repressive model of state supervision (control) to a preventive one (risk-oriented approach); and*

— *reducing the number of supervisory and control functions.'*

Step 8.1 is the first step in the implementation of Reform 1 of Chapter 8 (Business Environment). Reform 1 has an additional step 8.2, due in Q3-2025, aimed at the entry into force of the legislation in accordance with the Action Plan on deregulation in specific sectors.

**Evidence provided**

1) Summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the Annex to Council Implementing Decision (EU) 2024/1447;

2) Copy of Order No. 838-p of the Cabinet of Ministers *'On Amendments to the Order of the Cabinet of Ministers of Ukraine of Ukraine dated 4 December 2019 No. 1413'* dated 3 September 2024;

3) Copy of the adopted *'Action Plan on deregulation of economic activity and improvement of business climate'* as an attachment to the Order No. 838-9 dated 3 September 2024;

4) Document that provided an explanation for each of the measures in the Action Plan.

**Analysis**

The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of step 8.1.

The Action Plan was adopted on 3 September 2024 by the Cabinet of Ministers. It outlines the tasks to be taken forward, the entities responsible and the timelines for implementation.

The Action Plan includes 99 measures across different areas of economic activity to reduce market access regulations and the number of supervisory and control functions. These measures aim to streamline processes, reduce regulatory burdens, and eliminate overlapping, contradictory and obsolete regulatory instruments. They will be implemented between quarter 3 of 2024 and quarter 4 of 2025.

Measures include the abolition of a number of state supervisory and control functions, where they are found to be outdated, superseded by newer regulations, or are producing unreasonable regulatory burdens on businesses. Examples include: abolishing a number of permits which are no longer provided by law and where the procedure for being obtained no longer exists; abolishing requirements to present paper extracts from open electronic registers; repealing the requirement for businesses to obtain a certificate of registration for the development of new technology parks; and repealing a number of controls and permits for negotiating and conducting joint ventures with foreign businesses.

The Plan also sets out measures on digitalisation of market access regulations, primarily through Action 31 on the digitalisation of licensing procedures. Action 26 further proposes the introduction of a system for the voluntary insurance of civil liability of entrepreneurs and voluntary audits of their activities. The objective is to reduce the number of supervisory and control measures and shiftto a more preventative and risk-orientated approach. The measure will also strengthen the responsibility of state officials for breaches of supervisory requirements.

**Commission assessment:** Satisfactorily fulfilled

6) **Step 9.5**

**Name of the step**: Adoption of resolutions to amend the State Strategy for Regional Development for 2021-2027

**Related Reform/Investment**:

Reform 3. Development and implementation of regional policy

**Financed from:** Loans

**Context**

The requirement for step 9.5 described in the CID annex is:

*'Adoption of the Resolution of the Cabinet of Ministers of Ukraine "On Amendments to the State Strategy for Regional Development for 2021-2027, approved by the Resolution of the Cabinet of Ministers of Ukraine No. 695 dated 5 August 2020".*

*The resolution focuses on these main areas:*

— *development of multi-level governance, approximation of the regional development management system to EU procedures and best practices;*

— *promoting partnerships, inter-municipal, interregional and cross-border cooperation;*

— *developing the institutional capacity of territorial communities and regions in terms of project management, digitalisation, anti-corruption and strategic planning.'*

Step 9.5 is the is the first step in the implementation of Reform 3 of Chapter 9 (Decentralisation and Regional Policy). Reform 3, concerned with the development and implementation of regional policy, includes an additional step 9.6, due in Q4 2024, and aimed at developing urban planning at local level.

**Evidence provided**

1) Summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the Annex to the Council Implementing Decision (EU) 2024/1447;

2) Copy of Resolution No. 940 of the Cabinet of Ministers *'On Amendments to the State Strategy for Regional Development for 2021-2027'* dated 13 August 2024.

**Analysis**

The justification and evidence provided by the Ukrainian authorities cover all constitutive aspects of step 9.5.

The Cabinet of Ministers approved the amendment of the State Strategy for Regional Development 2021-2027 on 13 August 2024. The strategy was updated to better address the impact of Russia's ongoing war of aggression against Ukraine, to facilitate the recovery and reconstruction process, and respond to the Commission's 2023 Enlargement Report recommendations. The strategy has three strategic goals: i) forming a united state in social, humanitarian, economic, ecological, security and spatial dimensions; ii) increasing the competitiveness of regions; and iii) developing effective multi-level governance.

The strategy supports the development of multi-level-governance through two operational goals and a target of bringing regional development management systems closer to EU procedures and best practices. Measures include legislative improvements, clearer delineation of powers, a system for increasing compliance with the principles laid down in the European Charter of Local Self-Government, and a mechanism for ensuring better coordination between different levels of governments and public administration.

In addition, the strategy identifies the development of partnerships, inter-municipal, interregional, and cross-border cooperation as a key priority. This is supported by two operational goals, aimed at developing various forms of cooperation, including international partnerships at the regional and local level, and deepening cross-border cooperation between local authorities. The State Program for the Development of Cross-Border Cooperation for 2021-2027 is also expected to contribute towards these goals, including bringing about the conditions for signing agreements on cross-border cooperation between local executive authorities and local self-government bodies and relevant administrative territorial units of bordering countries.

Institutional capacity development is also identified as a key priority. This includes increasing digitalisation and improving the level of professional skills and competencies of civil servants and local government officials. Key competencies identified in the strategy include strategic planning, provision of municipal services, budgeting, attracting investments, and creating the conditions for increasing the accountability and transparency of state and local self-government bodies at all levels.

Anti-corruption is pursued through the reduction of opportunities for corrupt behaviour, including through measures such as increased digitalisation, accountability and transparency in public affairs. Improved municipal statistics, a coordinated spatial development planning system, and a unified geoinformation system for monitoring are also expected to contribute to improved institutional capacity. An important element is the implementation of a single digital system for the transparent and accountable management of all recovery and development projects (DREAM). This includes a data-driven approach to the prioritisation of programmes and projects.

The strategy describes implementation mechanisms and arrangements for monitoring of progress led by the Ministry for Communities, Territories and Infrastructure Development of Ukraine, focusing on tracking and analysis of deviations in indicators from targets with a view to adjust implementation if required. Internal and external evaluations of the strategy and its implementation will be carried out to assess performance and adjust it accordingly.

**Commission assessment:** Satisfactorily fulfilled

7) **Step 10.8**

**Name of the step**: Entry into force of the secondary legislation on the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) law

**Related Reform/Investment**: Reform 3. Electricity market reform

**Financed from:** Loans

**Context:**

The requirement for step 10.8 described in the CID annex is:

*'Entry into force of the secondary legislation on REMIT law. The NEURC approves these procedures and requirements:*

— *the procedure for acquiring, suspending and terminating the status of a data transfer administrator;*

— *the procedure for the functioning of insider information platforms;*

— *requirements for ensuring integrity and transparency in the wholesale energy market;*

— *procedure for Submission of Information on Economic and Trade Transactions with Wholesale Energy Products*

*Preparation of the Terms of Reference for the development of an information system defining the following functions of the NEURC: the system will be integrated with the systems of market operators, insider information platforms, data transfer administrators and will detect information indicating the presence of abuse'*

Step 10.8 is one of the four steps for the implementation of Reform 3. Electricity Market Reform, which is expected to be completed by Q2 2026.

**Evidence provided**

1) Summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the Annex to Council Implementing Decision (EU) 2024/1447;

2) Copy of the Resolution of the National Energy and Utilities Regulator Commission (hereinafter, 'NEURC') No. 2613 *'On Approval of the Procedure for Acquiring, Suspending and Terminating the Status of Data Transfer Administrator'* dated 27 December 2023;

3) Copy of the Resolution of NEURC No. 137 *'On Approval of the Procedure for the Functioning of Insider Information Platforms'* dated 16 January 2024;

4) Copy of the Resolution of NEURC No. 614 *'On Approval of the Requirements for Ensuring Integrity and Transparency in the Wholesale Energy Market'* dated 27 March 2024;

5) Copy of the Resolution of NEURC No. 618 *'On Approval of the Procedure for Submitting Information on Economic and Trade Operations Related to Wholesale Energy Products'* dated 7 March 2024;

6) Copy of the Terms of Reference for the development of the REMIT IT information system duly signed by the contractor representative having developed the proposal and the NEURC representative;

7) Copy of NEURC's internal protocol No 119-n dated 26 September 2024 approving the Terms of Reference for the development of the REMIT IT information system.

**Analysis**

The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of step 10.8.

The National Energy and Utilities Regulator Commission (NEURC) adopted all the relevant secondary legislation on the Regulation on the Wholesale Energy Market Integrity and Transparency (REMIT) law. The Parliament adopted the REMIT primary law (On Amendments to Certain Laws of Ukraine as to Prevention of Abuse in the Wholesale Energy Markets) on 10 May 2023.

Resolution No. 2613 was adopted on 27 December 2023 and entered into force on 1 January 2024, following its publication on NEURC's website on the 29 December 2023. It establishes the procedures to acquire, suspend and revoke the status of a data transfer administrator (DTA). To acquire the status of DTA, applicants need to comply with the Resolution and the technical specification provided by the regulator during the application process. If an applicant is compliant and after having successfully completed a testing phase concerning the use of the software, NEURC can grant the status of DTA to the applicant. If the DTA breaches some of the procedures established by this Resolution and does not comply with its obligations on submitting the information to the regulator, the regulator can suspend its status of DTA. The Resolution also identifies a list of different circumstances under which the status of DTA may be permanently revoked.

Resolution No. 137 was adopted on 16 January 2024 and entered into force on 23 July 2024, following its publication on NEURC's website on the 22 January 2024. It establishes the procedures concerning the functioning of insider information platforms (hereinafter, 'platforms'). In particular, it provides for: i) procedures for insider information to be included in the register of platform administrators that collects and records information about platform administrators; ii) requirements concerning the functioning of the platforms and obligations of platforms' administrators; iii) requirements concerning the disclosure of insider information by platforms' administrators; iv) provisions on the suspension of the platform administrator's functions and on the exclusion of the platform administrator from the registry.

Resolution No. 614 was adopted on 27 March 2024 and entered into force on 29 March 2024, except for Chapter 4 that entered into force on 2 July 2024, following its publication on NEURC's website on 28 March 2024. It establishes a set of requirements to ensure integrity and transparency in the wholesale energy market, and to improve competition. In particular, the requirements determine: i) a list of potential manipulative behaviour in the wholesale energy market; ii) restrictions on how to handle insider information; iii) requirements for the disclosure of insider information; iv) requirements applying to professionals dealing with operations concerning wholesale energy products; v) signals indicating potential suspicious behaviour in the wholesale energy market; vii) principles for cooperation between the regulator and the Energy Community Regulatory Board.

Resolution No. 618 was adopted on 27 March 2024 and entered into force on 2 July 2024, following its publication on NEURC website on the 29 March 2024. It applies to wholesale energy market participants, data transmission administrators, and professionals organising operations with wholesale energy products. It establishes the procedures to submit information to NEURC concerning: i) economic and trade operations related to wholesale energy products; ii) basic data on the electricity markets; iii) basic data on the natural gas market.

As reported by the NEURC's internal protocol No. 119-n, NEURC finalised the preparation of the Terms of Reference for the development of an information system defining the functions of the regulator itself. The Terms of Reference signed between the Head of NEURC and the contractor who provided technical support in the preparation of the document establishes the functions of system integration with the systems of market operators and detection of information indicating the presence of abuse. It also further defines the functions attributed to the insider information platforms and data transfer administrators.

**Commission assessment:** Satisfactorily fulfilled

8) **Step 15.1**

**Name of the step**: Entry into force of the legislation on prevention, reduction, and control of industrial pollution with partial application of provisions

**Related Reform/Investment**: Reform 1. Prevention, reduction and control of industrial pollution

**Financed from:** Non-repayable support

**Context**

The requirement for step 15.1 described in the CID annex is:

*'Entry into force of the Law of Ukraine on Ensuring the Constitutional Rights of citizens to a safe environment for life and health with a partial application of the provisions. Bylaws are to be adopted within 12 months and some provisions on applying of the findings of the best available technologies and management methods within 4 years after termination of the martial law, except for the installations that are put into operation for the first time.*

*The law is aimed at preventing, reducing and controlling industrial pollution and introduces integrated approaches to permitting and control of industrial pollution based on the application of the best available technologies and management methods in accordance with Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (recast)'*

**Evidence provided**

1) Summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the Annex to the Council Implementing Decision (EU) 2024/1447;

2) Copy of the Law of Ukraine No. 3855-IX on *'Ensuring the constitutional right of citizens to a safe environment for life and health'* dated 8 August 2024.

**Analysis**

The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of step 15.1.

The Law of Ukraine on ensuring the constitutional rights of citizens to a safe environment for life and health entered into force on 8 August 2024. As defined in Article 29 (1) of the law, the provisions of the law shall enter into force 12 months after its application with the exception of Article 29 (9). As defined in Article 29 (2), the provisions on applying of the findings of the best available technologies and management methods shall only be applied not earlier than four years from the date of the end of martial law, except for installations put into operation for the first time.

The current law regulates pollution stemming from industrial production processes and partially transposes Directive 201/75/EU of the Parliament and of the Council of 24 November 2010 on industrial and livestock rearing emissions (integrated pollution prevention and control). The law introduces the concept of an 'integrated environmental permit' in Article 3 that must be obtained before the operation of any installation carrying out activities that may cause pollution. The law has an integrated approach and obliges authorities to consider the environmental performance over the lifetime of a plant in the permitting process. It mandates the use of best available technologies and management methods, and regulates emissions, waste management, water usage, and environmental impact.

The preamble of the law establishes the principles for the 'prevention, reduction and control' of industrial pollution. This is further defined in Article 2 (1) that states that the law regulates the field of prevention, reduction and control of pollution arising from the activities from industrial activity as defined in the annex of the law. The integrated permitting approach is defined in Article 3. The law aims to respect the principles with an integrated approach to the permitting and control of industrial pollution based on the best available technologies and management methods. These provisions are in accordance with Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (recast).

**Commission assessment:** Satisfactorily fulfilled

9) **Step 15.10**

**Name of the step**: Development of a concept note defining the scope of deviations from the Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) rules.

**Related Reform/Investment**: Reform 6. Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA)

**Financed from:** Loans

**Context**

The requirement for step 15.10 described in the CID annex is:

*'Preparation and publication on the official website of the Ministry of Environmental Protection and Natural Resources of a concept note following public consultations with stakeholders defining the scope of derogations from the EIA and SEA rules. The concept note includes the following information:*

— *on the body that determines the scope of derogations from EIA and SEA obligations;*

— *description of the objects and explanation of why they are included in the scope of derogation in each specific case;*

— *justification of the scope of derogations;*

— *time limits for the derogations granted.'*

Step 15.10 is the only step of Reform 6 of Chapter 15 (Green transition and environmental protection).

**Evidence provided**

1) Summary document duly justifying how the step was satisfactorily fulfilled in line with the requirements set out in the Annex to the Council Implementing Decision (EU) 2024/1447;

2) Copy of the Concept Note what determines the scope of deviations from the rules of EIA and SEA, as published on 18 September 2024;

3) Copy of the protocol from the public discussion of the Conceptual Note that sets out the scope of deviations from the rules of EIA and SEA dated 14 May 2024;

4) Hyperlink to the publication on the website of the Ministry of Environmental Protection and Natural Resources and a screenshot;

5) Hyperlink to the publication where the public consultations were announced and a screenshot.

**Analysis**

The justification and substantive evidence provided by the Ukrainian authorities cover all constitutive elements of step 15.10.

The note was prepared by the Ministry of Environmental Protection and Natural Resources and published on its website. It was preceded by public consultations between 30 April and 30 May 2024. An online debate took place on 14 May 2024 with the participation of 95 stakeholder representatives as confirmed in the protocol of the meeting.

The concept note states that the main body responsible for determining the scope of the derogations from the EIA is the Cabinet of the Ministers of Ukraine. In a limited number of cases such decisions are taken by the Parliament of Ukraine. The scope of the derogations from the SEA is determined only by the Parliament.

The concept note includes a description of the objects and explanation of why these objects are included in the scope of derogation. In the case of EIAs, the general rules are set out in Article 3 of the Law of Ukraine No. 2132-IX of 15 March 2022 on Environmental Impact Assessment. Derogations can be applied if they are aimed exclusively at ensuring the defence and energy security of the state, and at eliminating the consequences of emergencies and the consequences of the military aggression against Ukraine. In reference to the derogations in the application of SEA, the concept note describes types of exempted programmes and their role in the process of restoration of territories affected by armed aggression.

The possibility of a derogation from conducting an EIA is justified by the need to ensure the state's defence, mitigate the effects of emergency situations and offset the effects of the armed aggression against Ukraine during the period of martial law. SEA derogations are justified in areas subject to restoration programmes that have been affected by the armed aggression against Ukraine or where socio-economic, infrastructure, environmental or other crises are concentrated.

According to the concept note, all EIA derogations are temporary, with most of them related to the application period of the martial law. In a limited number of cases related to waste management resulting from destruction, the derogation can be applied during martial law and for 90 days after it is lifting. For two specific sites only a one-time derogation is provided. Derogations from the application of the SEA principle for major restoration and development programmes are limited in time by the duration of these programmes.

**Commission assessment:** Satisfactorily fulfilled