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STRATEGY

FOR PUBLIC FINANCE
MANAGEMENT SYSTEM
REFORM IN 2022–2025



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STRATEGY

FOR PUBLIC FINANCE MANAGEMENT SYSTEM REFORM IN 2022–2025

PURPOSE OF THE STRATEGY

Carrying out structural economic reforms, addressing an issue of accelerating socio-economic development of Ukraine, including ensuring the transition to a resource-saving socially inclusive economy, is impossible without effective functioning of a system of public finance management.

Fiscal consolidation and responsible fiscal policy have enabled Ukraine to reduce the deficit in the sector of general public administration from 4.6 per cent of gross domestic product (2014) to 2 per cent of gross domestic product (2019) during the period of 2015–2019, and to reduce its debt burden from 80.9 per cent of gross domestic product in 2016 to 50.3 per cent of gross domestic product in 2019.

Response to major challenges that Ukraine faces in the form of ongoing Russian armed aggression, the spread of acute respiratory disease COVID-19 caused by coronavirus SARS-CoV-2, and the onset of the global economic crisis require additional resources and more efficient and effective public finance management. Macroeconomic stability achieved in recent years, and the extraordinary fiscal measures taken make it possible for Ukraine to go through this difficult period in a controlled manner. In order to ensure further recovery and

economic growth in the medium term and Ukraine's further progress on the European course, it is necessary to take measures aiming at the return to prudent fiscal policy, enhancement of efficiency of spending and tax administration, diminishing of the state's role in the economy and at improvement of the investment climate with an account taken of the social and environmental dimensions.

The current phase of the public finance management system reform started with the adoption by the Ordinance of the Cabinet of Ministers of Ukraine of 8 February 2017 No. 142 "On approval of the public finance management system reform strategy for 2017–2020" and adoption by the Ordinance of the Cabinet of Ministers of Ukraine of 24 May 2017 No. 415 of the Action Plan for its implementation.

The assessment of the status of public financial management in accordance with the internationally recognised methodology of Public Expenditure and Financial Accountability (PEFA) conducted by the World Bank experts with the support of the EU and other international partners in 2019 noted Ukraine's gradual progress in such components of public finance management as implementation of medium-term budget planning, implementation of international accounting standards in the public



sector, improvement of macroeconomic and budget forecasting tools, enhancement of transparency in public finance management by creating the Open Budget Portal, fiscal risk management and gradual introduction of gender-based approach in budgeting. At the same time, areas that need further attention and improvement have been identified; those include public strategic planning, public investment management, liquidity management and public finance management at the local level. Achieving positive results in 2017–2020 in reforming most components of the public financial management system has created a solid foundation for continuing to carry out the tasks set and identifying new priorities aimed at improving the public financial management system and responding to new challenges.

Along with that, there are still areas where no tangible results were achieved under the Public Finance Management System Reform Strategy for 2017–2020 as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 8 February 2017 No. 142. In particular, the main problems that led to the adoption of this Strategy include:

- lack of a comprehensive system of strategic planning, weak links between strategic planning, budget planning and public investment planning;
- lack of full implementation of medium-term budget planning;
- inadequate quality of budget planning by the main spending units, which leads to frequent redistribution of these funds and their inefficient use;
- inadequate liquidity management of the state budget's single treasury account and foreign currency accounts in the process of state budget execution;
- lack of clear division of powers between executive authorities and local self-government bodies;
- lack of transparency and accountability in the use of local budgets;

- formal approach on the part of drafters of normative and legal acts to carrying out financial and economic assessments of the impact of the implementation of acts on the revenues and expenditures of state and/or local budgets;
- limited HR capacity to implement reforms at the national and local levels;
- insufficient institutional and managerial accountability in public finance management.

This Strategy was developed taking into account the evaluation of the Public Expenditure and Financial Accountability (PEFA) methodology and the recommendations of experts from the Support for Improvement in Governance and Management (SIGMA) Programme and the International Monetary Fund's Technical Assistance Mission, and the Accounting Chamber's conclusions, in accordance with the European standards of proper administration in transformation of general government.

The goal of this Strategy is to build a modern, sustainable and effective public financial management system aiming at maintaining the financial stability of the state and creating conditions for sustainable growth of a socially inclusive economy through increasing the effectiveness of mobilisation and spending of public funds. Its implementation should result in a more efficient public finance management system, which, together with the reformed public administration system, will promote Ukraine's sustainable socio-economic development, economic competitiveness, and its dynamic integration into international markets, including the common market of EU member states.

This goal is to be achieved under the following strategic goals:

- compliance with general fiscal discipline in the medium-term perspective;



- improving the efficiency of resource allocation at the level of formation of the state policy;
- ensuring effective execution of the state and local budgets;
- enhancing transparency and accountability in public finance management;
- development of human resource management in public finance.

As this Strategy is the next phase of comprehensive reform of public finance management system launched by the Public Finance Management Reform Strategy 2017–2020 as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 8 February 2017 No. 142, individual phases of its implementation are not provided for.

MAIN RESULTS OF REFORMATION OF THE PUBLIC FINANCIAL MANAGEMENT SYSTEM IN 2017–2020

Implementation of the Public Finance Management Reform Strategy 2017–2020 as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 8 February 2017 No. 142 resulted in a number of positive effects in multiple components of the public finance management system. Thus, the legislative basis for comprehensive reforms in the budget sphere was created in December 2018 through amendments to the Budget Code of Ukraine, which provide for:

- introduction of medium-term budget planning, and in particular, the Budget Declaration as a strategic document in budget planning;
- ensuring that ministers and other heads of central executive bodies present the objectives of state policies in relevant areas and report on achievement thereof during the consideration of the Budget Declaration by the Verkhovna Rada of Ukraine;
- streamlining the process of fiscal risk management and inclusion of its assessment in the Budget Declaration and in the materials attached to the draft Law on the State Budget of Ukraine for the relevant year;
- implementation of new budget rules; in particular, the state budget deficit may not exceed 3 per cent of gross domestic product and may not ex-

ceed the corresponding deficit in the Budget Declaration, and the maximum amount of state guarantees may not exceed 3 per cent of planned revenues of the general fund of the state budget;

- introduction of a fundamentally new tool for assessing the efficiency and effectiveness of the application of state budget funds, which is a cost overview.

In order to implement these provisions in practice, in 2019, the Ministry of Finance prepared the Budget Declaration for 2020–2022 and submitted it to the Cabinet of Ministers of Ukraine but the document was not approved. In 2020, the provisions of Article 33 of the Budget Code of Ukraine as regards preparation and approval of the Budget Declaration were temporarily inapplicable due to the spread of acute respiratory disease COVID-19 caused by the coronavirus SARS-CoV-2. However, in May 2021, the Cabinet of Ministers of Ukraine approved the Budget Declaration for 2022–2024 (Resolution of the Cabinet of Ministers of Ukraine of 31 May 2021 No. 548) and submitted it to the Verkhovna Rada of Ukraine (the Budget Declaration was upheld by the Verkhovna Rada of Ukraine on 15 July 2021).

Publications of information on the results of the assessment of a wide range of



fiscal risks that may have an impact on budget indicators, including risks related to the macroeconomic situation, public debt and government guarantees, the activities of state-owned enterprises, the pension system, have been put in place. The state budget cost overviews already cover about 25 per cent of all expenditures and credits of the state budget.

There is an ongoing reform of budget decentralisation, and namely after the completion of the process of reforming the administrative and territorial organisation of Ukraine in 2020, the amendments to the Budget Code of Ukraine introduced a two-tier system of relations between the state budget and local budgets. In 2021, 1,463 local budgets have direct relations with the state budget, compared to 998 in 2017. Due to the extension of the powers and the base of taxation of revenues credited to local budgets, and due to raise of the local governments' motivation in 2017–2020, local budget revenues have increased by 36 per cent, while the share of transfers have decreased from 54.3 per cent to 34.5 per cent. Opportunity for regional councils to locally make external borrowings from international financial organisations and provide local guarantees is ensured. Amendments to the Budget Code of Ukraine at the end of 2017 have resulted in a new local tool for medium-term budget planning – a three-year local budget forecast, full implementation of which was postponed until 2021 due to inability to prepare reliable forecasts in a situation caused by the pandemic of acute respiratory disease COVID-19 -2. In order to simplify preparation of budget documents in conditions of local governments' limited capacity, the Ministry of Finance, with the support of the EU, set up and implemented information and analytical system “LOGICA” designed to automate the process of drafting budget documents, data processing and information exchange between local budgets and the Ministry of Finance. The use of the above system will significantly increase

the analytical capacity for public finance management at the local level.

To increase the economic efficiency and effectiveness of state budget expenditures, with an account taken of the gender aspect, the Ministry of Finance has, with the participation of the Swedish International Development Cooperation Agency in 2014–2020, completed the world's largest project for implementation of a gender-oriented approach to budgeting at the state and local levels. As a result, in 2020, 43 budget programmes of the main spending units and 1,075 local budget programme certificates contain a gender aspect, which makes it possible to combine the financial and social dimensions of budgeting.

Large-scale transformation processes targeting bodies implementing state tax and customs policies have been launched with the support of international partners. Thus, in 2019, two separate bodies were established; those having an effective organisational structure built on the functional principle – STS and SCS. From 1 January 2021, their transition to functioning as a unified legal entities has been ensured to improve the accountability and manageability of their territorial bodies and optimise main work processes.

A number of important goals has been achieved in the tax sphere. To make it easy to do business, reduce corruption and create a level playing field for all taxpayers, value added tax refunds were introduced automatically via a single electronic register, and a mechanism was launched to put a stop to registration of tax invoices showing signs of fictitiousness.

To increase the rate of voluntary tax payment, the list of online services for taxpayers available at a taxpayer's account has been significantly expanded, a single register of individual tax consultations has been created, and the Ministry of Finance has launched generalised tax consultations to ensure a unified approach to application of tax law.



Significant progress has been made in approximating Ukraine's value added tax legislation to the EU acquis, in particular, with Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax, as was generally confirmed by the European Commission's opinion on compliance. Provisions governing implementation of 11 of the 15 Actions of the Action Plan on Base Erosion and Profit Shifting (hereinafter – the BEPS Action Plan) have become an integral part of the Law of Ukraine of 16 January 2020 No. 466-IX “On Amendments to the Tax Code of Ukraine Regarding Improvement of Tax Administration, Elimination of Technical and Logical Inconsistencies in Tax Legislation”.

In particular, the above Law provides for the improvement of transfer pricing rules, namely the introduction of a three-tier documentation structure for international groups of companies, which includes transfer pricing documentation (Local file), global documentation (Master file) and Country-by-Country reporting in the framework of the implementation of the provisions of Action 13 of the BEPS Action Plan, as well as improvement of the mechanism for controlling the distribution of the functions, risks and intangible assets of a taxpayer, which is part of an international group of companies.

The Verkhovna Rada of Ukraine passed the Law of Ukraine of 17 December 2020 No. 1117-IX “On Amendments to the Tax Code of Ukraine and other Laws of Ukraine to Ensure Collection of Data and Information Required for the Declaration of Certain Objects of Taxation”, which introduced the concept of “reasonable economic reason” (business purpose), which involves an economic feasibility analysis of certain transactions and the presence of business purposes (transactions aiming at purchase/sale of goods, works, services from non-residents/to non-residents in low-tax jurisdictions and transactions with non-residents as regards royalties, and controlled trans-

actions under the transfer pricing rules). Also, the Law of Ukraine of 29 October 2019 No. 229-IX ratified the Agreement between the Government of Ukraine and the Government of the United States of America to Improve International Tax Compliance and to Implement the US Foreign Account Tax Compliance Act (FATCA) to ensure the exchange of relevant information with US tax authorities. In order to de-shadow the economy and create a level playing field for businesses in 2020, free software solution enabling business entities to use cash registers for registration of settlement transactions was provided, and over 4.5 thousand entrepreneurs had availed themselves of that solution by the end of December 2020, with over 103 million checks fiscalised.

Launch of the program of authorised economic operators (AEO), which will facilitate customs formalities for companies enjoying a high degree of trust, which will enable mutual recognition of the status of domestic authorised economic operators by other countries' competent authorities, ensure Ukrainian companies' participation in the formation of secure supply chains and help to increase their competitiveness in the foreign markets, should be noted among the main achievements in the customs sphere.

Significant progress has also been made in creation of the necessary conditions for accession to the Convention on a Common Transit Procedure and the New Computerised Transit System (NCTS), which will make it possible for customs authorities to exchange customs information with 35 countries in real time, minimise delays of shipments crossing the state border by increasing the efficiency of risk analysis and determining the list of necessary control procedures for goods before their arrival at the customs border of Ukraine. In particular, adoption of the necessary legal framework was ensured, the necessary software received from the Lithuanian customs authorities was finalised and



the nationwide application of the New Computerised Transit System began, with the possibility of joining the international system in 2022 by the first half of 2023.

To further implement the provisions of EU regulations in accordance with Ukraine's commitments under the Association Agreement between Ukraine, European Union and the European Atomic Energy Community, and their Member States, a mechanism for protection of intellectual property rights at the customs has been significantly improved. Due to the necessary amendments to legislation and the implementation of technical solutions, the Single Window service at the customs is fully operational now, which is one of the important anti-corruption steps that minimises the human factor and encourages regulatory authorities to implement the European approach to customs control. As of today, the Single Window has been applied on a mandatory basis by all entities engaged in foreign economic activities and covers all operations involving movement of goods under all customs regimes. A single advance account for the payment of customs duties has also been introduced, which improves the conditions for conducting foreign economic activity, reduces time and optimises the use of the companies' working capital. Digitalisation and automation of customs control and clearance processes are ensured on a permanent basis, and a large-scale digital transformation of the State Customs Service has been launched.

Due to the implementation of prudent fiscal policy over the period of 2017–2019, the ratio of public debt to gross domestic product decreased from 61.5 per cent in 2017 to 52.3 per cent in 2018, and to 44.3 per cent in 2019. Due to the increase in the state budget deficit in 2020 with a view to reduce the negative effects of acute respiratory disease COVID-19 caused by coronavirus SARS-CoV-2, the ratio of public debt to gross domestic product at the end of 2020 has increased

to 53.9 per cent (calculated using the results of the adjusted estimate of gross domestic product, according to the State Statistics Service – UAH 4,194.1 billion). In 2019–2020, the share of public debt denominated in the national currency increased from 33.4 per cent to 39 per cent.

During 2019–2020, Ukraine's international credit ratings were upgraded by all international rating agencies, and particularly, in 2019, by Standard and Poor's and Fitch Ratings – from B- to B, in June 2020 by Moody's – from Caa1 to B3, in September 2020 by the Rating and Investment Information agency (R&I) – from B to B+. Therefore, Ukraine became the only country in the world whose rating was upgraded during the spread of acute respiratory disease COVID-19 caused by the coronavirus SARS-CoV-2, and the associated global economic crisis.

As a result of the access provided for foreign investors to Ukrainian government securities through the system of the Clearstream European Central Securities Depository, the amounts of investments by non-residents in domestic government bonds increased by a factor of 18.5 in 2019. In 2020, due to the spread of acute respiratory disease COVID-19 caused by the coronavirus SARS-CoV-2, the portfolio of non-residents' domestic government bonds decreased from UAH 117.7 billion to 85 UAH billion, but since the beginning of 2021 this figure had increased, and in March amounted to UAH 106 billion. Significant demand for government bonds on the part of non-residents and effective policy of the Ministry of Finance in public debt management in accordance with the 2019–2022 Medium-Term Debt Management Strategy as approved by the Resolution of the Cabinet of Ministers of Ukraine of 5 June 2019 No. 473 made it possible to consistently reduce borrowing costs and extend periods of circulation of debt instruments. In particular, in 2019–2020, the weighted average bond yield rate on domestic government bonds denominated in hryvnias, US dollars and euros



reduced unprecedentedly. In order to further improve management of public debt and state-guaranteed debt, it was decided to implement an agency model and establish a Debt Agency, which should increase investor confidence and institutional capacity to effectively use modern tools of public debt and liquidity management.

In the field of public sector accounting, the implementation of the 2025 Strategy for Modernisation of the Accounting and Financial Reporting System in the Public Sector as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 20 June 2018 NO. 437, and 20 national accounting regulations (standards) were approved and implemented in the public sector; those were developed on the basis of international IPSAS standards, and, according to the World Bank, an over 80 per cent consistency of the national standards with the international standards was ensured. To optimise the process of submission of financial statements by public sector entities in accordance with the national public sector accounting regulations (standards), their further processing and consolidation, a Treasury's automated electronic reporting system "e-Reporting" was introduced. Based on the results of 2018, a summary of financial statements of public sector entities as regards general property status and performance of spending units, compulsory state social and pension insurance funds, and as regards the operations on budget execution was compiled and published, for the first time, in accordance with the national regulations (standards) of public sector accounting.

Conditions have been created for the effective functioning of the system of state internal financial control. Amendments have been made to the Budget Code of Ukraine and the acts of the Cabinet of Ministers of Ukraine, and those facilitate the approximation of the methodology of internal control and internal audit to international standards, and in particular, to the COSO Framework.

Amendments were also made to the Procedure for Internal Audit; those provide for strengthening the independence of internal audit, implementation of strategic planning in internal audit activities, establishment of audit committees and signing of internal audit declarations. The Resolution of the Cabinet of Ministers of Ukraine of 12 December 2018 No. 1062 approved the Fundamental Principles of Internal Control by Spending Units, which, in particular, addresses administrative responsibility and accountability and forms common approaches to internal control in public authorities, as well as develops a number of manuals on internal control and internal audit, which build on the best international practices in this sphere.

In the field of state financial control, an action was taken in accordance with the 2020 Concept for the Implementation of the State Policy in the Field of Public Financial Control as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 10 May 2018 No. 310. The Cabinet of Ministers of Ukraine approved the procedures for conducting state financial audit by the State Audit Service, by types, and also decided to restore the structure of interregional territorial bodies and the staff strength of the State Audit Office, which will ensure state financial control at the national and local levels.

In accordance with the Law of Ukraine "On the Accounting Chamber", the Verkhovna Rada of Ukraine appointed a new composition of the Accounting Chamber on 15 March 2018. The Leadership of the Accounting Chamber conducted a functional assessment of the effectiveness of the Accounting Chamber, and based on its results and taking into account the recommendations of international partners, developed and approved the Accounting Chamber's Strategy for 2019–2024.

The openness and accessibility of information on the state budget and other main aspects of the workings



of the public finance management system has significantly improved. In July 2020, the State Open Budget Web-Portal providing data on the execution of state and local budgets in an accessible form (openbudget.gov.ua) was put into commercial operation. With a view to increasing transparency of public finance, a tool for analysing budget indicator, developed on the basis of the World Bank's methodology (BOOST), and also, analytical panels (dashboards), which enable comparison higher education institutions' activities and analysis of budget expenditures on general secondary education both nationwide and in terms of individual secondary educational institutions. Public access to the data of the projects of social and economic development of Ukraine whose implementation is funded by the international financial organisations (IFIs) has been ensured via the web portal IFIs Projects.

The effectiveness of all the above measures taken by the Ministry of Finance is confirmed by a significant improvement in Ukraine's position in the Open Budget Index – from the 39th position in 2017 to the 26th position in 2019, among 117 countries, which made it possible for Ukraine to join the group of state with access to relevant budget information.

In IT sphere, a comprehensive IT audit was conducted, and it formed the basis for developing the Concept of IT Centralisation in Public Finance Management as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 10 July 2019 N o. 594, whose implementation helped ensuring consistency of information systems of the public finance authorities, establishing information exchange, strengthening staffing, applying world-recognised practices and standards of information technology management, and cost optimisation.

STRATEGY'S LINK TO OTHER STRATEGIC DOCUMENTS

This Strategy is in agreement with the following strategic documents:

- The 2030 Sustainable Development Agenda adopted by the Sustainable Development Summit held on 25 September 2015 in New York City;
- Paris Agreement ratified by the Law of Ukraine of 14 July 2016 No. 1469-VIII;
- Association Agreement between Ukraine, of the one part, and the European Union, the European Atomic Energy Community and their Member States, of the other part, ratified by the Law of Ukraine of 16 September 2014 No. 1678-VII;
- The National Economic Strategy 2030 as approved by the Resolution of the Cabinet of Ministers of Ukraine of 3 March 2021 No. 179 (Official Bulletin of Ukraine, 2021, No. 22, p. 1015);
- The Cabinet of Ministers of Ukraine's Action Programme;
- Public Administration Reform Strategy of Ukraine 2022–2025 as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 21 July 2021 No. 831 (Official Bulletin of Ukraine, 2021, No. 61, p. 3842);
- Medium-Term Public Debt Management Strategy for 2021–2024 as approved by the Resolution of the Cabinet of Ministers of Ukraine of 9 December 2021 No. 1291 (Official Bulletin of Ukraine, 2017, No. 98, p. 6392);
- Public Procurement Reform Strategy ('roadmap') as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 24 February 2016 No. 175 (Official Bulletin of Ukraine, 2016, No. 23, p. 920);
- The 2025 Strategy for Modernisation of the Accounting and Financial Re-



porting System in the Public Sector as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 20 June 2018, No. 437 (Official Bulletin of Ukraine, 2018, No. 52, p. 1851);

- The Accounting Chamber's Strategy for 2019–2024 as approved by the decision of the Accounting Chamber of 29 July 2019 No. 18-1;
- Action plan on reformation and development of the system of authorities that implement customs policy as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 13 May 2020 No. 569;
- Action plan on the implementation of conceptual directions of reforming the

system of authorities that implement the state tax and customs policy as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 5 July 2019 No. 542;

- Action plan on implementation of the Open Government Partnership Initiative in 2021–2022 as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 24 February 2021 No. 149 (Official Bulletin of Ukraine, 2021, No. 19, p. 823);
- Digital transformation priority areas and goals (projects) for the period till 2023 as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 17 February 2021 No. 365 (Official Bulletin of Ukraine, 2021, No. 36, p. 2153).

STRATEGIC GOALS AND INDICATORS OF THEIR ACHIEVEMENT

COMPLIANCE WITH GENERAL FISCAL DISCIPLINE IN A MEDIUM-TERM PERSPECTIVE

Taxation system

The goal is to build an up-to-date and fair tax system that ensures the equality of all taxpayers before the law and reduces the taxpayers' costs and time for tax administration.

During implementation of the Public Finance Management System Reform Strategy for 2017–2020 as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 8 February 2017 No. 142, an objective of implementing electronic tax audits (e-audit) remained unfulfilled.

It is necessary to ensure further improvement of tax legislation and its harmonisation with EU acquis, as well as the completion of tax service reform. At the same time, according to assessment under the methodology of the Public Expenditure and Financial Accountability conducted in 2019, the lack of an integrated risk management system associated with compli-

ance with the tax discipline was identified as a weakness of the tax administration.

To achieve the above goal, it is necessary to take measures to complete the reform of the STS and to fully transform it into a service by encouraging voluntary compliance with tax discipline, taking into account the specifics of groups and categories of taxpayers, including further simplification and digitalisation of tax administration and making effort to establish in STS an effective comprehensive risk management system to ensure a risk-oriented approach to taxpayers.

With a view to enhancement of the STS's institutional capacity in terms of identifying and preventing threats of external and internal interference with the operation of the State Tax Service's databases and information resources used for the administration of taxes, duties and other governmental charges, a hardware and software complex designed to exercise relevant control should be put into operation, including monitoring by MoF, administration of the above databases and information resources by STS.



To increase the effectiveness of tax audits, it is necessary to introduce electronic audit – firstly, on large taxpayers, and then – on all other taxpayers. The proper quality of individual tax advice and provision of summarising tax consultations by the Ministry of Finance will ensure a unified approach to the application of tax legislation, while strengthening communications and intensifying work on improving tax literacy will have a positive impact on taxpayers.

In order to further expand the tax base and protect bona fide taxpayers from unscrupulous competitors, measures must be taken to combat aggressive tax planning, and in particular, by improving the exchange of information for tax purposes between the competent authorities of

Ukraine and those of foreign countries and further implementing the BEPS Action Plan to counteract withdrawal of profits from taxation.

To address the above issues, implementation of the action plan on the implementation of conceptual directions of reforming the system of authorities that implement the state tax and customs policy as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 5 July 2019 No. 542, and also, measures are taken in the following areas:

- improvement of the effectiveness of tax administration and quality of services rendered to taxpayers;
- tax base expansion.

Progress in achieving the planned results is determined by the following indicators:

Indicator	Baseline	2021	2022	2023	2024	2025
Share of court cases on tax disputes resolved by courts in favour of STS in the total number of lawsuits considered by courts of various instances, %	59.2	51.6	51.9	52.2	52.5	52.8
The level of taxpayers' satisfaction with the services rendered by STS according to the results of periodic surveys, points (on a six-point scale) or %	4.21 or 70.2	4.32 or 72	4.44 or 74	4.56 or 76	4.68 or 78	4.8 or 80
Time spent by a taxpayer on submitting reports and paying taxes, hours per year	328	315	295	280	275	250



Customs system

The goal is to promote international trade and security by further reducing the level of illegal movement of goods across the customs border of Ukraine and monetary and time costs for bona fide businesses to complete customs formalities.

During implementation of the Public Finance Management System Reform Strategy for 2017–2020 as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 8 February 2017 No. 142, an objective of establishing a system of control over the introduction of goods into circulation, including the extended use of cash registers and improving the efficiency of post-customs control remained unfulfilled.

Institutional reformation of the customs service requires completion. With a view to creation of conditions for intensification of foreign economic activities of economic entities, customs procedures and formalities need to be simplified and harmonised with the international standards, in particular, by full-fledged introduction of the institution of an authorised economic operator (AEO) as part of a secure supply chain concept and special simplification system for bona fide entities engaged in foreign economic activities. The recommendations of Article 7(6) of the World Trade Organization's Trade Facilitation Agreement on measuring and publishing the average release times for goods by using, in particular, such tools as the Time Release Study of the World Customs Organization, should be implemented. It is necessary to complete the implementation of the provisions of the Convention on the Simplification of Formalities in Trade in Goods of 20 May 1987 and the Convention on a Common Transit Procedure of 20 May 1987 by implementing the provisions of the Law of Ukraine "On the Common Transit Procedure and Introduction of the National Electronic

Transit System", by ensuring the national transit under the NCTS system and accession to the Convention on a Common Transit Procedure in 2022 or in the first half of 2023.

To ensure the provision of high-quality services by the STS and reduce the time for customs formalities, it is necessary to take measures to minimise the impact of the human factor by further automating customs formalities and standardised operational tasks, and further developing an automated risk management system.

Effective collection of customs charges should be ensured through upgrade of the system of control over the determination of customs value and creating a single reference database of price information. It is necessary to create conditions for control over the circulation of goods in the customs territory of Ukraine at each stage of their supply and sale in order to prevent illegal imports of goods without paying taxes in full, and to take measures to improve post-customs control and customs audit.

Due attention should be paid to the development of customs infrastructure and provision of customs authorities with modern technical means for customs control.

Those objectives are achieved through the implementation of the action plan on reformation and development of the system of authorities that implement customs policy as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 13 May 2020 No. 569, and also, through the measures taken in the following areas:

- enhancement of the institutional capacity of tax authorities;
- improvement of the customs controls and harmonisation of customs procedures, and facilitation of international trade.

Progress in achieving the planned results is determined by the following indicator:

Indicator	Baseline	2021	2022	2023	2024	2025
Time costs for entities engaged in foreign economic activities associated with the customs procedures (average time of customs clearance of goods for which the Automated Risk Assessment and Management System (ARAMS) did not generate a list of customs formalities) in the regime of:						
export, minutes	50	47	45	43	41	39
import, minutes	99	94	89	85	81	77
transit, minutes	33	33	30	27	24	22

Management of fiscal risks and public assets

The goal is to identify fiscal risks early and take measures to avoid and/or minimise their impact on the budget.

To achieve that goal, development of a fiscal risk management system should be continued, and the said system should not only identify, account for, and assess fiscal risks, but also ensure that the necessary response measures are taken. In particular, it is necessary to ensure that the results of a comprehensive assessment of fiscal risks are reflected in both medium-term and annual budget documentation, with a gradual expansion of the range of risks in accordance with the Fiscal Transparency Code of the International Monetary Fund. To ensure effective monitoring of fiscal risks, it is necessary to establish keeping an appropriate register. The governing bodies of affiliated economic entities must also develop and approve, in coordination with the Ministry of Finance, action

plans to minimise the greatest fiscal risks associated with the activities of such economic operators.

In order to ensure the effective functioning of the fiscal risk management system, it is planned to expand information on the state of state-owned assets. Under implementation of the Action plan on implementation of the Open Government Partnership Initiative in 2021–2022 as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 24 February 2021 No. 149, the State Property Fund will develop a mechanism for establishing and keeping the Unified Register of State-Owned Assets and its upgrading, and particularly, by way of establishing a centralised information portal for accounting state-owned assets, based on an IT platform.

Establishing a legal and methodological framework for the introduction of fiscal risk management of local budgets, and development of appropriate measures aiming at the increase of the local governments' capacity in the context of

expanding their financial powers. With a view to improvement of fiscal risk and public asset management system, the measures are taken in the following areas:

- carrying out a comprehensive assessment of fiscal risks and determining their impact on the state budget;

- ensuring effective monitoring of fiscal risks and minimisation thereof;
- improvement of institutional capacity of MoF and other public authorities as regards fiscal risk management;
- implementation of local budget fiscal risk management.

Progress in achieving the planned results is determined by the following indicators:

Indicator	Baseline	2021	2022	2023	2024	2025
Representation of fiscal risks that materialised in the register of fiscal risks, %		100	100	100	100	100
Deviation between actual and planned indicators of revenues as part of net profit, and state budget dividends due to the materialisation of fiscal risks, %	2.1	7-8	5	5	5	5

Debt management

The goal is to ensure debt sustainability and increase the efficiency of public debt management, state-guaranteed debt and local debt.

During implementation of the Public Finance Management System Reform Strategy for 2017–2020 as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 8 February 2017 No. 142, an objective of strengthening of protection mechanisms during provision of state guarantees remained unfulfilled.

Existence of the state budget deficit and, accordingly, the accumulated public debt

of previous periods, as well as the risks of the external and internal environment pose a threat to the sustainability of public debt and increase the burden on the state budget. The share of public debt denominated in a foreign currency is gradually declining, but it currently remains a source of additional risks in the event of a devaluation of the national currency.

To strengthen the institutional capacity of debt management, it is necessary to ensure the effective functioning of the Debt Agency, taking into account the best practices of similar institutions in other countries.

It is planned to achieve the increase in the



liquidity of domestic government bonds by way of development of the domestic market of government securities, primarily as regards the functioning of the institution of primary dealers and strengthening their role in the secondary market. It is necessary to ensure further expansion of the range of debt instruments and carrying out active operations with public debt. The use of state guarantees to stimulate the economic activity of small and medium-sized businesses should be expanded while strengthening the relevant protective instruments. To reduce the risks associated with local debt management, measures need to be taken to increase the capacity of local governments as regards debt management, including development of appropriate methodological recommendations and improvement of mechanisms for monitoring local borrowing and guarantees. In addition, measures need to be taken to increase the effectiveness of raising long-term concessional finance, including through programs of cooperation with international financial organisations and

other international partners, and the use of borrowed funds.

With a view to further improving the efficiency of public debt management, state-guaranteed debt and local debt, the following measures shall be carried out in the following areas:

- ensuring functioning of the Debt Agency;
- development of the domestic public securities market;
- improvement of the instruments and mechanisms of state guarantees, including for support of small and medium-sized businesses;
- improvement of the local self-governments' capacity as regards debt management;
- increasing the share of long-term concessional financing.

Progress in achieving the planned results is determined by the following indicators:

Indicator	Baseline	2021	2022	2023	2024	2025
Ratio of public debt to gross domestic product, %	53.9	56.5	51	49	47	45
Share of long-term concessional financing incoming from IFIs and foreign countries for the implementation of investment projects in the total amount of public debt, %	5.9	6.3	6.5	6.7	7	7

Liquidity management

The goal is to increase the predictability and availability of funds for discharge of public functions.

During implementation of the Public Finance Management System Reform Strategy for 2017–2020 as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 8 February 2017 No. 142, a substantial number of objectives associated with liquidity management in the process of execution of a state budget remained unfulfilled. Reliability of daily forecasts of movement of funds in the single treasury account for up to three months currently remains insufficient, and exchange of information necessary for forecasting public expenditure has been established only with some of the main spending units. All of that reduces the predictability of financing budget expenditures, which is a particularly acute problem in the context of combating the effects of acute respiratory disease COVID-19 caused by the coronavirus SARS-CoV-2.

To increase the efficiency of liquidity management, the Liquidity Management Concept for 2020–2023 approved by the Ordinance of the Cabinet of Ministers of Ukraine of 4 November 2020 No. 1375 is being implemented by way of execution of the action plan for its implementation; MoF has also approved the methodology for forecasting movement of funds in the

single treasury account and in currency accounts of the Treasury, which will ensure formalisation of the process. It is necessary to introduce procedures for planning the time-frames and amounts of expenditure by spending units and recipients of budget funds, and to create a payment schedule to ensure their effective monitoring. Analytical support of these activities and automated collection of information will be ensured by establishment of the information system for forecasting the movement of funds on the single treasury account and foreign currency accounts of the Treasury – “e-Liquidity”. Once the quality of forecasting is improved, tools and measures to manage funds in the single treasury account should be developed and implemented to avoid the accumulation of excess liquidity in the Treasury accounts and to prevent cash gaps, including the placement of temporarily surplus funds in the single treasury account through repurchase transactions, repurchase of government securities, and coordination of terms of significant revenues and expenditures of the state budget.

Measures are implemented in the following areas:

- improving the quality of forecasting the movement of funds in the accounts of the Treasury;
- improvement of liquidity management tools.

Progress in achieving the planned results is determined by the following indicators:

Indicator	Baseline	2021	2022	2023	2024	2025
The ratio of the total of the monthly forecasts' absolute deviations to the amounts of outflows from the single treasury account, %	8	7	6	5	5	5
The ratio of budget debt to actual expenditures of the general fund of the state budget, %	3.8	3.5	3	2.5	2	1



IMPROVING THE EFFICIENCY OF RESOURCE ALLOCATION AT THE LEVEL OF FORMATION OF THE STATE POLICY

Macroeconomic and budgetary forecasting and strategic planning

The goal is to build a state strategic planning system whose elements are mutually agreed and are based on reliable results of macroeconomic and budgetary forecasting, and are focused on achieving long-term publicly supported goals.

The lack of an effective system of public strategic planning consistent with budget planning remains one of the main challenges for the system of public financial management, which hinders its development and reduces efficiency. Decisions imposing moratoriums on the development of state target programs in the period of 2017–2020, amendments to the Rules of Procedure of the Cabinet of Ministers of Ukraine and the establishment of strategic planning units (directorates) in all ministries had a limited impact on improving the situation in the area. There is a continuous unsystematic development of strategic documents, which are inconsistent in terms of levels and deadlines, and do not meet the capabilities of the state budget; nor do they take into account innovations in forecasts of economic and social development of Ukraine, which significantly affects execution of such documents. The main reasons for such situation are lack of reform and inconsistency with current trends and practices of legislation that sets requirements to forecast and programme documents on Ukraine's economic and social development, and especially, the lack of legally defined principles, types, hierarchies, time constraints and detail degree of planning for each type of public strategic documents and lack of a clear division of powers both in terms of initiating, developing and approving such documents and in terms of responsibility for their implementation, monitoring and evaluation of their implementation.

To achieve that goal, the Ministry of Economy needs to develop a draft law to develop a system of state forecasting and strategic planning of economic and social development aimed at ensuring the integrity, coherence and hierarchy of strategic planning documents, and depoliticisation as regards their development, and increasing responsibility for their implementation. An issue of the development, implementation, monitoring and evaluation of the implementation of strategic planning documents also needs to be streamlined, and guidance for the participants of such processes should be approved.

In order to create a basis for the high-quality implementation of medium-term budget planning and programme-based budgeting, it is necessary to ensure coordination of innovations in strategic planning with budget legislation, determine the leading role of action plans of the main spending units in the medium term, and to step up the Ministry of Economy's control of their mandatory development. The introduction of an independent external evaluation of macroeconomic and budgetary forecasts, policy initiatives and documents within the state strategic planning system by the Council of Independent Experts will make it possible to depoliticise their development. The government institutions' capacity for strategic planning, macroeconomic and budgetary forecasting should be strengthened.

Measures are implemented in the following areas:

- legislative regulation of the functioning of the integrated system of state forecasting and strategic planning of economic and social development;
- development of the system of state forecasting and strategic planning of economic and social development within implementation of legislation on the system of state forecasting and



- strategic planning of economic and social development;
- further depoliticisation of macroeconomic and budgetary forecasting and strategic planning;
- improvement of the tools and capacity in the spheres of macroeconomic and budgetary forecasting and strategic planning.

Progress in achieving the planned results is determined by the following indicators:

Indicator	Baseline	2021	2022	2023	2024	2025
Proportion of the main spending units that annually update and publish their action plans for the medium term, %		50	50	75	90	100
Proportion of the main spending units that annually present to public their progress reports as regards implementation of their action plans for the medium term, %		50	50	75	90	100
Deviation between forecast and actual indicators of nominal gross domestic product, %	5	5	4	4	3	3
Deviation between forecast and actual indicators of tax revenues of the consolidated budget, %	5	5	4	4	3	3



Medium-term budget planning

The goal is to ensure predictability and balance of fiscal policy in the medium term and strengthen the strategic approach to budget planning.

The amendments to legislation on the implementation of medium-term budget planning at the national and local levels made in 2018 require further scrupulous implementation by adopting a three-year Budget Declaration and drafting the state budget based on it, in accordance with public policy goals; as well as developing and updating relevant guidelines on preparation of budget documents.

In order to provide a high-quality framework for the development of medium-term budget planning documents and effective allocation of limited financial resources, it is necessary to strengthen the link with the strategic planning process, in particular, by improving quality and ensuring publishing the main spending units' medium-term action plans, which conform to the goals and marginal expenditure of state budget, and by providing loans from the state budget as provided for by the Budget Declaration, on whose basis budget requests are formed. It is necessary to draw up an action plan to strengthen the financial and economic soundness of the Cabinet of Ministers of Ukraine's decisions, and to reflect the impact of public policy in the coming years, including by consulting with the Ministry of Finance at the stage of drafting a normative and legal act.

It is necessary to improve the approach to determining marginal expenditures for the main spending units by establishing a basic amounts of state budget expenditures, which reflect current implementation of public policy by the Cabinet of Ministers of Ukraine, and presenting changes to current levels of financing public policy measures in the form of new policy initiatives by the

main spending units. This will make it possible to focus the discussion of the draft state budget on strategic issues and will facilitate making more informed decisions. In addition, it is necessary to consider a matter of reducing the number of the main spending units in accordance with the criteria for the formulation of public policy in the relevant sphere by the relevant authority, the availability of a special status or a justified need for independence of financial support. Measures should be taken to improve the quality and transparency of planning by the main spending units, and the general level of budgetary discipline. In particular, it is necessary to create and implement a new information and analytical system for budget planning, which will increase the degree of process automation and analytical capacity of participants in the budget process.

As part of the implementation of the Concept of Civil Service Pay Reform as approved by the Cabinet of Ministers of Ukraine on 27 May 2020 No. 622, NACS has prepared a procedure for forming a remuneration fund in public authorities, which will provide better quality and substantiated and unified planning of labour payment budget expenditures. In order to implement local medium-term budget planning, guidelines and standard forms of necessary documents should be drawn up.

In order to ensure the implementation of medium-term budget planning, measures are taken in the following areas: setting up reliable medium-term framework for state budget planning;

- strengthening the financial and economic validity of the decisions of the Cabinet of Ministers of Ukraine;
- raising budgetary discipline and improving quality of budget planning;
- development of local medium-term budget planning.



Progress in achieving the planned results is determined by the following indicator:

Indicator	Baseline	2021	2022	2023	2024	2025
Deviation of budget indicators provided by the Budget Declaration for the planned year from the respective indicators approved by the previous year's Budget Declaration, %				no more than 10	no more than 7	no more than 5

Programme-based budgeting

The goal is to increase the efficiency and effectiveness of application of budget funds, and the quality of public services. Despite the continuous improvement of the relevant methodological framework, the application of the programme-based budgeting in Ukraine takes place without creating the necessary conditions for its effectiveness, and particularly, without an effective and consistent system of strategic and medium-term budget planning. As a result, the programme-based budgeting is not always used by the main spending units as a basis for management decisions.

To achieve that goal, the Ministry of Finance continues state budget cost overviews and ensures their full integration into the budget process, which will make it possible to improve the efficiency and quality of public services and to identify opportunities for redistribution of financial resources in accordance with public policy priorities. Together with achieving objectives set by the Public Administration Reform Strategy of Ukraine 2022–2025, approaches to the formation of budget programmes by the main spending units in accordance with the strategic goals should be improved. To strengthen the targeted nature of state payments and, as a result, the efficiency of application of budget funds, it is necessary to further

improve the effectiveness of the process of verification and monitoring of state payments, in particular, by developing an information and analytical platform for electronic verification and monitoring, and by application of verification results to budget planning. It is necessary to ensure the evaluation of the effectiveness of budget programmes in the state budget in accordance with the updated methodology, with further publication of results.

Locally, it is necessary to ensure the improvement of relevant standard forms and guidelines, in particular, for the budget requests, programme cost and loan classification, and improvement of the system of budget programme performance indicators, as well as rules for drawing up certificates and reports on implementation thereof.

A special attention should be paid to the further practical application of a gender-based approach in the budget process at the national and local levels to ensure that the needs of social groups, including by gender, are taken into account, and in particular, accountability of the main spending units should be stepped up, and budget transparency in those spheres should be enhanced.

With a view to further development of the programme-based budgeting, measures are implemented in the following areas:



- optimisation of budget programmes and strengthening their compliance with public policy goals;
- making regular state budget cost overviews;
- effective performance monitoring;
- improving the programme-based budgeting at the local level, including the application of a gender-oriented approach in the budgeting.

Progress in achieving the planned results is determined by the following indicators:

Indicator	Baseline	2021	2022	2023	2024	2025
Proportion of expenditures and loans from the state budget covered by cost overviews in the respective year, %	11.9	at least 5	at least 5	at least 5	at least 5	at least 5
Proportion of the main spending units that have revised their budget programmes in accordance with new approaches, %				30	60	100

Inter-budget relations and fiscal decentralisation

The goal is to ensure the financial capacity of territorial communities and to improve inter-budgetary relations, taking into account a new model of territorial organisation of the government of Ukraine and the updated powers of the executive authorities and local governments.

During implementation of the Public Finance Management System Reform Strategy for 2017–2020 as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 8 February 2017 No. 142, the following issues remained unresolved. The process of decentralisation at this stage leads to an increase in revenue and expenditure powers of

local self-governments. Much of the power shifts from the raion level to the level of territorial communities. Functions at the raion level are shrinking, but raions continue to exist. There is an unresolved matter of clear division of powers between executive bodies and local self-government bodies. At the same time, there is a need to improve (revise) the existing mechanism of horizontal equalisation of local budgets. In addition, local self-governments lack capacity to exercise additional powers. In order to achieve this goal, it is necessary to address the issue of division of powers between executive bodies and local self-government bodies in accordance with the subsidiarity principle by holding appropriate consultations with all-Ukrainian associations of local



self-government bodies. Changes should also be made to a system of fiscal equalisation with an account taken of updated powers of local self-governments.

Given the need to fulfil the objectives of strengthening the capacity of local self-governments to manage fiscal risks and debts, introduction of a process of medium-term budget planning and improvement of the programme-based budgeting at the local level, it is necessary to take measures to strengthen local self-government resource base. Specifically, approaches to charging personal income tax should be defined, and incentives for local self-governments to establish and collect local taxes, including establishing the exchange of information between local governments and tax authorities, should also be defined.

In order to support the process of sectoral decentralisation in education, health and social welfare, better availability and quality and lower cost of public services, social standards and norms for provision of state-guaranteed services need to be updated to meet the real needs of social groups. Together with taking efforts in implementation of the State Strategy for Regional Development for 2021–2027 as approved by the Resolution of the Cabinet of Ministers of Ukraine of 5 August 2020 No. 695 (Official Bulletin of Ukraine, 2020, No. 67, p. 2155), it is necessary to improve approaches to financing regional devel-

opment projects from the State Regional Development Fund, in particular, by defining clear indicators of the effectiveness of the relevant budget programme.

To ensure local self-governments' transparency and accountability in managing financial resources, the powers of bodies authorised to monitor compliance with budget legislation at the level of local budgets should be reviewed in line with fiscal decentralisation reform with appropriate distribution of powers between such bodies, with an account taken of the parameters and structure of relevant local budgets.

As part of transformation of inter-budget relations and fiscal decentralisation, measures are implemented in the following areas:

- clear division of powers between executive bodies and local self-government bodies;
- increase of the local self-governments' own financial resources;
- improving the mechanism of financial support of expenditure powers delegated by the state to local self-governments and local executive bodies;
- enhancement of financial transparency and accountability of local self-governments.

Progress in achieving the planned results is determined by the following indicators:

Indicator	Baseline	2021	2022	2023	2024	2025
Change in the actual indicator of the volume of transfers from the state budget to local budgets for the reporting period towards the approved target, %	- 0.6 (0)	no more than 1	no more than 1	no more than 1	no more than 1	no more than 1
Share of local budget revenues (excluding transfers) in the consolidated budget of Ukraine, %	22.6	24	24.5	25	25.5	26

ENSURING EFFECTIVE EXECUTION OF THE STATE AND LOCAL BUDGETS

Public procurement system

The goal is the effective functioning of the public procurement system, which is the key to the rational use of public funds and the development of a competitive economy.

Reformation of public procurement is taking place in accordance with the Public Procurement Reform Strategy ('roadmap') as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 24 February 2016 No. 175, which sets five phases of the reform, three of which have been completed, and the fourth and fifth phases are planned to be completed in the years 2021 and 2022. Progress in achieving the planned results is determined by the indicators set out in the action plan for the implementation of that Strategy, and on its basis, it is necessary to decide on further steps to reform the public procurement system.

The National Economic Strategy 2030 as approved by the Resolution of the Cabinet of Ministers of Ukraine of 3 March 2021 p. No. 179 provides for taking action aimed at ensuring accessibility of public procurement to stimulate the activities of small and medium-sized businesses by simplifying the procurement process through automating procurement pro-

cesses and professionalising the sphere of public procurement. The implementation of such measures is aimed at increasing the level of competition in procurement and the efficiency of procurement, and hence optimising the application of state budget funds.

As part of the implementation of that Strategy, it is planned to improve the effectiveness of monitoring of public procurement, which will promote efficient and transparent procurement, create a competitive environment and prevent corruption in that area. Specifically, a system of automatic risk indicators based on the data from the electronic procurement system and other open sources of information and methodological approaches to exercising control in the sphere of public procurement taking into account recommendations from SIGMA experts should be improved.

In order to ensure the effective functioning of the public procurement system, measures are implemented in the following areas:

- improving the procedure for monitoring public procurement and improving access to relevant sources of information;
- improving methodological approaches to control in the field of public procurement.

Progress in achieving the results is determined by the following indicators:

Indicator	Baseline	2021	2022	2023	2024	2025
Proportion of procurement procedures conducted by the body of public financial control on the basis of automatic risk indicators in the total number of procurement procedures monitored, %	11	25	30	45	60	75
Increasing the average participation rate in competitive procurement procedures, participants	2.79	2.8	2.8	2.82	2.85	2.85

Indicator	Baseline	2021	2022	2023	2024	2025
Increasing the average participation rate in simplified procurement procedures, participants	1.9	1.95	1.95	1.95	2	2
Decrease in the share of cancelled procurement procedures (recognition of those as not having taken place), %	26	26	25	24	23	23

Public investment management

The goal is to ensure the planning of public investments on the basis of strategic priorities and medium-term budget perspective and the implementation of transparent and economically sound selection of investment projects.

During implementation of the Public Finance Management System Reform Strategy for 2017–2020 as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 8 February 2017 No. 142, the major part of objectives remained unfulfilled, and particularly, as regards:

- introduction of strategic planning of public investment;
- creation of a methodological basis for the preparation and evaluation of the state investment project, taking into account its scale and conditions for the implementation of projects in various fields;
- strengthening of project evaluation mechanisms on the basis of clear responsibility for the quality of expert examination of investment projects proposed for financing through state capital investments, in accordance with the established requirements;
- putting in place a centralised monitoring system for large-scale public investment projects, based on finan-

cial and other quantitative indicators for timely identification of projects posing high risk of problems emerging during their implementation, taking necessary measures aimed at minimisation of the respective risks, and also, carrying out enhanced monitoring of the progress made under such projects.

In order to improve the system of public investment management, the efforts in achieving objectives have been continued, in particular, in ensuring strategic and transparent allocation of resources and cost estimates of the projects.

Given the lack of clearly defined rules of, and procedures for, the selection of investment projects at the local level, additional measures need to be developed to strengthen the capacity to manage investment projects at the local level.

Measures are implemented in the following areas:

- strategic planning of public investment in the medium-term perspective;
- harmonisation of approaches to assessment and selection of proposals as regards funding investment projects;
- building the line ministries' capacity in public investment management;

- improvement of the monitoring over implementation of investment projects and improvement of their transparency;
- improvement of the approaches to management of investment projects funded from the local budgets.

Progress in achieving the planned results is determined by the following indicators:

Indicator	Baseline	2021	2022	2023	2024	2025
Improving the quality of preparation of state investment projects (share of state investment projects that meet certain criteria for participation in the competitive selection by the Interdepartmental Commission on State Investment Projects in the total number of state investment projects submitted to the Ministry of Economy by the main spending units), %	87	92	92	94	96	100
Selection of state capital investments with a view to the implementation of state investment projects, % of the plan	98	98	98	98	98	98

Public sector accounting

The goal is to improve the quality, completeness and reliability of data on the basis of which managerial decisions are made in the sphere of public finance.

Accomplishment of the objectives as regards reformation of the accounting system is in accordance with the 2025 Strategy for Modernisation of the Accounting and Financial Reporting System in the Public Sector as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 20 June 2018, No. 437.

As part of the implementation of that Strategy, it is necessary to ensure the relevance of national public accounting standards, taking into account changes in international standards and national

legislation, and training of specialists in public sector entities on their application. In addition, it is necessary to ensure the disclosure of the main differences between national and international standards in financial reporting and to improve the methodology of preparation thereof with a view to improving quality of information on the overall property status and performance of public sector entities and budgets. To improve the efficiency and quality of accounting services in the public sector, it is necessary to provide training and retraining, as well as to develop a new organisational structure of such services.

Measures are implemented in the following areas:

- improvement of national rules (standards) of public sector accounting;



- improving organisational framework and quality of accounting services in the public sector;
- improving the quality of information on the overall property status and performance of public sector entities and budgets;
- improving the procedure for disclosing information on the execution of state and local budgets in accounting.

Progress in achieving the planned results in implementation of the BOVE Strategy is determined by the following indicator:

Indicator	Baseline	2021	2022	2023	2024	2025
Proportion of improved national rules (standards) of public sector accounting in accordance with IPSAS, %	20	30	40	50	60	70

Treasury servicing of budget funds

The goal is to ensure efficiency and transparency in budget execution.

The effectiveness of processes and procedures in managing budget execution is an important prerequisite for the implementation of fiscal policy objectives. Today, the Treasury’s system of bodies consists of about 600 territorial bodies, which significantly complicates managing this system and limits the possibilities for upgrading work processes and their automation. Only at the end of 2020, the reorganisation process was launched in order to transform a number of territorial bodies from public law entities to the Treasury’s structural subdivisions. Besides, procedures for treasury servicing of budget funds and relevant reporting forms drawn up by the Treasury require further optimisation.

To achieve that goal, it is necessary to ensure strengthening the Treasury’s institu-

tional capacity and improve management of the single treasury account. In particular, it is necessary to ensure transition to a single legal entity, which will make it possible to optimise work processes, unify procedures and approaches to treasury servicing of budget funds throughout the Treasury’s system, and to increase the overall manageability and efficiency of the system. It is also necessary to ensure further digitalisation of settlement and cash services for managers and recipients of budget funds with a view to increasing the efficiency and transparency of relevant processes and minimisation of the human factor’s impact.

Measures are implemented in the following areas:

- enhancement of the Treasury’s institutional capacity;
- improving the procedures for treasury servicing of budget funds and relevant reporting forms.

Progress in achieving the planned results in implementation of the BOVE Strategy is determined by the following indicator:

Indicator	Baseline	2021	2022	2023	2024	2025
The level of access of the participants in the budget process to the Treasury’s digital services, %	80	83	86	90	95	100

System of state internal financial control

The goal is to strengthen managerial accountability at all levels of the public sector, increase the effectiveness of internal control and internal audit in public authorities.

During implementation of the Public Finance Management System Reform Strategy for 2017–2020 as approved by the Ordinance of the Cabinet of Ministers of Ukraine of 8 February 2017 No. 142, the following issues remained unresolved. Most public authorities do not have in place a comprehensive system of internal control within the meaning of Article 26 of the Budget Code of Ukraine and/or it does not function integrally, and approaches to internal control continue to focus on compliance (with law) and not on improving performance of the budget institution. Institutional capacity and independence of internal audit subdivisions of public authorities and the capacity to ensure professional development and improvement of professional competence in internal control and internal audit also remain insufficient.

To achieve that goal, the Ministry of Finance will develop the necessary measures aimed at raising awareness of government officials about the benefits of building an effective system of internal control and internal audit. Measures should be taken to improve internal financial control, with a view to its practical application to the activities of spending units, and to provide

recommendations for its optimal organisation, including effective risk management. Stepping up in the effectiveness of internal audit is expected to take place, in particular, with an account taken of external quality assessments and aims at ensuring a reorientation towards improvement of the budgetary institution's performance, and not just towards assessment of compliance with the law. To increase the level of professional competence in internal control and internal audit, it is necessary to develop and implement appropriate training programmes, launch a nationwide certification of internal auditors, and create an interactive portal dedicated to process automation and information exchange. After selection of the model of exercising control powers as regards local budgets, measures should be developed with a view to implementation of the system of internal control and internal audit functions by local authorities.

Measures are implemented in the following areas:

- implementation of internal control aiming at raising the responsibility of the leaders for management and development of the institution as a whole;
- enhancement of effectiveness, capacity and independence of internal audit;
- building institutional capacity of the central harmonisation department of MoF.

Progress in achieving the planned results is determined by the following indicators:

Indicator	Baseline	2021	2022	2023	2024	2025
Rate of implementation of recommendations based on the results of internal audits by public authorities (fully and partially, without taking into account the recommendations for which the deadline has not yet come), %	85	85	90	90	95	95
Rate of implementation of the recommendations of the central harmonisation unit of the Ministry of Finance by public authorities, %		40	45	50	55	60



Public financial control

The goal is to improve the system of public financial control, which will promote effective public administration, detect and prevent violations of the law and inefficient use of financial and material resources at the national and local levels. At present, limited human resources and up-to-date means of financial control do not allow the State Audit Service to fully cover with the necessary control measures all the entities exposed to risk. It applies, first of all, to control over execution of local budgets and monitoring of public procurement procedures, which leads to a lack of proper managerial accountability and responsibility for illegal and ineffective managerial decisions taken.

To achieve that goal, it is necessary to increase the effectiveness of public financial control in the most risky areas, and in particular, by strengthening the analytical capacity of the State Audit Service to focus on high-risk operations and the appropriate organisation of inspections. State Audit Service's organisational and methodological approaches to controlling compliance with budget legislation insofar as it concerns local budgets should be improved, and establishing cooperation between the State

Audit Service, the Accounting Chamber, internal auditors, and supervisory and law enforcement agencies should be ensured, and attention should be paid to improving communication between public authorities and local self-governments in the process of control.

To build institutional capacity, special attention should be paid to the implementation of modern IT solutions in the activities of public financial control authorities under the 2025 Strategy for Digital Development, Digital Transformation and Digitisation of Public Finance Management as approved by the Ordinance of the Cabinet of Ministers of 17 November 2021 No. 1467, which will make it possible to expand access to the necessary sources of information and ensure its effective analysis.

The measures are taken in the following areas:

- stepping up public financial control in the spheres exposed to major risks;
- ensuring effective interagency cooperation in exercise of financial control;
- enhancement of the SAS bodies' institutional capacity at the central, regional and local levels.

Progress in achieving the planned results is determined by the following indicator:

Indicator	Baseline	2021	2022	2023	2024	2025
Number of inspections detecting loss of financial resources in the total number of inspections carried out on the basis of risk-oriented selection, %	70	75	80	85	90	95



Independent external financial audit

The goal is to strengthen the role and increase the effectiveness of external financial control in accordance with INTOSAI standards.

In this regard, the Accounting Chamber faces a number of challenges conditional both on the trends in its operations and on the growing demands of the public, rapid changes in the country, including in the political environment, active development of independent external audit in the world.

Implementation of international standards is a necessary precondition for the development of the Accounting Chamber as a modern supreme audit institution, and that requires systematic improvement of legislation, improving the Accounting Chamber's interaction with stakeholders.

Conducting audits in accordance with international standards requires significant resources. It is necessary to revise the existing indicators of efficiency and effectiveness of the Accounting Chamber. The system of accounting for the recommendations of the Accounting Chamber and monitoring compliance therewith must also change significantly.

It is necessary to ensure a sufficient level of coverage by audit of the most important areas of state activities by conducting a risk-oriented assessment in the spheres of public funds management and state property. Clear criteria for planning audits should be put in place to ensure that citizens, businesses and stakeholder public authorities are confident that the approved budget programmes are aimed at achieving the objectives set and that the funds

have been used legally, effectively and efficiently.

The growing role of supreme audit bodies in the modern world necessitates a partial revision of the existing powers of the Accounting Chamber, work on further improvement of mechanisms for cooperation with public authorities, audited facilities, law enforcement and anti-corruption bodies. The Accounting Chamber will be able to help strengthening financial and budgetary discipline in Ukraine, in particular, by raising the level of responsibility of participants in the budget process for violating the law and for making ineffective managerial decisions.

Further development of civil society in Ukraine also requires an appropriate response from the Accounting Chamber, as the results of its work should be accessible and understandable to public, being a source of reliable, professional and unbiased information on the effectiveness of public finance and state property management. Public attention to such information requires prompt response from all participants in the process. The Accounting Chamber has to ensure constructive cooperation with the public to increase confidence in public authorities in general and in the Accounting Chamber in particular.

To achieve the above goal, the measures are implemented in the following areas:

- maximum approximation of audit methodology and practices to INTOSAI standards;
- enhancement of the advisory (expert) role of the Accounting Chamber as the supreme audit body in Ukraine.

Progress in achieving the planned results is determined by the following indicators:

Indicator	Baseline	2021	2022	2023	2024	2025
Number of compliance audits conducted, units			1	3	3	3
Score for the indicator PI-31 “Legislative scrutiny of audit reports” under dimension 31.2 “Hearings on audit findings” of the PFM Assessment Report (PEFA)	C					A
Score for the indicator PI-31 “Legislative scrutiny of audit reports” under dimension 31.3 “Audit recommendations by the legislature” of the PFM Assessment Report (PEFA)	C					A

ENHANCING TRANSPARENCY AND ACCOUNTABILITY IN PUBLIC FINANCE MANAGEMENT

Budget transparency and public participation in budgeting

The goal is to increase the transparency and accessibility of budget information and increase of opportunities for its analysis.

To support the progress achieved by Ukraine as regards the budget transparency, further expansion of information subject to publication in a machine-readable format, including main spending units’ budget requests, budget programme certificates and reports on implementation thereof, is ensured. Based on the fiscal transparency evaluation by the International Monetary Fund, development of measures for further raising its level is planned. It is also necessary to further develop and promote the State Open Budget Web-Portal and make it more

convenient for users. As regards local budgets, provision should be made for the unification and standardisation of ways and methods of publishing information contained in local budget programme certificates, reports on implementation thereof, budget requests from the main spending units, decisions on local budgets, and in local budget forecasts. It will enable every citizen to get acquainted, through a clear procedure, with the main budget indicators of their city, raion, territorial community or oblast, and to compare them with the indicators of other administrative and territorial units of Ukraine.

Measures are implemented in the following areas:

- ensuring compliance with international standards on budget transparency;
- ensuring openness and accessibility of information on the local budgets.

Progress in achieving the planned results is determined by the following indicator:

Indicator	Baseline	2021	2022	2023	2024	2025
Ukraine's score Open Budget Index (OBI)	63 out of 100 points (2019)	at least 63 points (may be influenced by the restrictions caused by the spread of COVID-19 acute respiratory disease caused by the SARS-CoV-2 coronavirus)		at least 65 points		at least 67 points

Information technologies in public finance management

The purpose is to build a modern and effective information technology management system with a view to ensuring the support and further digital development of an effective and transparent public finance management system.

Today, the challenges of digital transformation of the public finance management system are as follows:

- lack of integration between the MoF's systems and other central executive bodies whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance, in real time;
- lack of automated information exchange with a number of public institutions;
- lack of a single facility for storage of the actual data accessible to MoF and central executive bodies, whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance;
- obsolescence of certain platforms;

- low degree of automation of internal processes and high volume of use of paper media;
- insufficient staffing.

Implementation of the 2025 Strategy for Digital Development, Digital Transformation and Digitisation of Public Finance Management as approved by the Ordinance of the Cabinet of Ministers of 17 November 2021 No. 1467 will contribute to addressing most of the above problems and create a new model of a single integrated information environment in the sphere of public finance management built on the interoperability of electronic information resources with simultaneous integrated information security and technological independence and ensuring information exchange in real time. This will enable increase in the analytical capacity and efficiency of decision-making.

The measures are taken in accordance with the 2025 Strategy for Digital Development, Digital Transformation and Digitisation of Public Finance Management as approved by the Ordinance of the Cabinet of Ministers of 17 November 2021 No. 1467 in the following areas:

- implementation of common IT stan-



- dards, development of the Unified information and telecommunications system of the public finance management;
- transition to electronic services, and in particular, introduction of a user-oriented service model for providing IT services;
- implementation of the priority projects aiming at ensuring achievement of the priority objectives of the 2025 Strategy for Digital Development, Digital Transformation and Digitisation of Public

Finance Management as approved by the Ordinance of the Cabinet of Ministers of 17 November 2021 No. 1467;

- rendering human factor's impact on the automatic processing of information impossible;
- preserving and strengthening staff capacity;
- security of information processed by the Unified information and telecommunications system of public finance management.

Progress in achieving the planned results is determined by the following indicator:

Indicator	Baseline	2021	2022	2023	2024	2025
Proportion of regulated information flows shared among the MoF and other central executive bodies whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance, in total number of such flows, %	30	30	40	50	60	70

Development of human resource management in public finance

The goal is strengthening the human capacity with a view to effective formulation and implementation of public policy in the sphere of public finance.

Currently, human resource management in public finance, and in public administration as a whole, is characterised by the lack of a systematic and strategic approach that would ensure staff development in accordance with the strategic goals of the relevant institutions. There is a need to create a single platform for professional development and commu-

nications in the sphere of public finance management.

To achieve this goal, it is necessary to develop and approve human resource management strategies for the Ministry of Finance and central executive bodies whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance in accordance with this Strategy's objectives and strategic goals, and to introduce up-to-date HR management techniques, in particular, on the basis of competencies, which will enable better selection of the staff and build a more effective



system of training, development and evaluation of staff. Attention should be paid to ensuring gender equality.

To further ensure the capacity of the Ministry of Finance and central executive bodies whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance, the Ministry of Finance should create a modern scientific and educational hub for training in public finance, and in particular, by advanced use of dual education programmes on the basis of a higher educational institution managed by the Ministry

of Finance. Establishment of a public finance management online learning platform and institutionalisation of professional and communicative capacity should be ensured.

Measures are implemented in the following areas:

- implementation of the strategic approach and improvement of efficiency of human resource management in public finance;
- improving professional competence of financial system staff.

Progress in achieving the planned results is determined by the following indicator

Indicator	Baseline	2021	2022	2023	2024	2025
Proportion of civil servants who have increased their professional competences in the total number of civil servants of the Ministry of Finance, %	18	20	20	22	25	30

EXPECTED OUTCOMES AND RISKS THAT MAY INFLUENCE IMPLEMENTATION OF THE STRATEGY

The expected outcomes of this Strategy implementation are as follows:

- implementation of medium-term budget planning, which is related to strategic planning, which will ensure the allocation of resources in accordance with the identified priorities of the state and secure the predictability of fiscal policy;
- improving the efficiency of public expenditure and improving the quality of public services by regular state budget cost overviews, and raising the responsibility of the main spending units for their rational use of funds with a view to achieving their objectives;
- stepping up control over the assessment of the impact of new initiatives of central executive bodies on the state budget to ensure fiscal balance and prevent the adoption of financially unreasonable decisions;
- ensuring timely identification of fiscal



risks and taking action to minimise their impact on the state budget indicators;

- improving quality and efficiency of the administration of taxes and fees and strengthening the institutional capacity of bodies implementing tax and customs policies;
- further support of the process of budget decentralisation by ensuring a clear allocation of relevant powers and resources, and strengthening the financial capacity of local self-governments;
- introduction of an effective system of financial control by the relevant bodies at the local level by revisiting and changing their powers in the context of budget decentralisation and changes in the structure of the relevant local budgets;
- implementation of the rational debt management policy at the state and local levels;
- increasing predictability and availability of budget funds for discharge of public functions through introduction of an up-to-date liquidity management model;
- ensuring strategic distribution and proper monitoring of public investments;
- raising the level of managerial accountability and efficiency of internal control and internal audit in central and local executive bodies and in local self-government bodies;
- ensuring access to information on public finance, which is timely, complete and understandable for every citizen and creating conditions for its analysis;
- ensuring further digital development of an effective and transparent public finance management system;
- improving professional competence of the staff in the public finance system.

Risks that may hinder performance of the tasks under this Strategy include the following:

- unstable macroeconomic situation, which affects the reliability of medium-term forecasts and, as a consequence, the possibility of implementing medium-term budget planning;
- frequent political changes and changes in the priorities of the Cabinet of Ministers of Ukraine and corresponding allocation of resources, as well as changes in the system of central executive bodies;
- unpredictability of amendments to legislation, which leads to the need in frequent revision of the conditions of economic environment;
- lack of political consensus as regards the ways of development of the system of state strategic planning and powers of the participants in strategic planning, which may lead to the failure to pass the law on state forecasting and strategic planning of economic and social development;
- lack of integration into the system of state strategic planning or low quality of sectoral strategies and medium-term action plans of the main spending units, and insufficient capacity of ministries to implement budget planning in the medium term perspective;
- lack of political consensus as regards assigning powers and distribution of financial and material resources among territorial communities;
- deterioration of the quality of management at the level of local self-government bodies due to the insufficient competence of local self-government employees in relation to the expansion of their powers;
- inability to ensure the reduction of public debt due to the unstable mac-



roeconomic situation and changes in market conditions, as well as the growing need to finance the state budget deficit;

- institutional resistance to changes in public finance management practices;
- development of capacities of the bodies responsible for the implementation of this Strategy lagging behind the pace of institutional reform;
- impossibility of carrying out necessary technical modernisation due to insufficient funding.

These risks can be minimised by developing the appropriate institutional and analytical capacity of the bodies responsible for implementing this Strategy, including by attracting international expert support, increasing transparency in the planning and execution of budgets at various levels, and strengthening the coordinating role of the Ministry of Finance in public finance management.

In addition, measures to minimise the risks associated with the institutional capacity of the bodies responsible for the implementation of this Strategy are planned to be implemented in the framework of the Public Administration Reform Strategy of Ukraine 2022–2025.

FINANCIAL SUPPORT FOR THE STRATEGY IMPLEMENTATION

Measures on implementation of this Strategy shall be taken during 2022–2025 and be funded from the state budget and other sources not prohibited by law, including international technical assistance.

A number of measures with a view to implementation of this Strategy may require assigning additional budget funds whose amount is determined by the main spending units in the process of preparation of budget requests for the relevant budget periods.

Estimated amounts of funding can be specified during the formulation of the relevant budget programs whereunder the relevant activities are to be implemented, or depending on the international technical assistance actually received.

STRATEGY COORDINATION AND MONITORING, AND ASSESSMENT OF THE PROGRESS OF ITS IMPLEMENTATION

Implementation of this Strategy shall be coordinated by MoF. To ensure the effective implementation of this Strategy, there is a three-tier coordination mechanism in place, which includes:

- working sub-groups formed in accordance with the components of the public finance management system, which review information on the implementation of the action plan for the implementation of this Strategy, and consider the matters of amendments thereto, if necessary, and prepare relevant proposals and draft decisions;
- the interdepartmental working group on the development of the public financial management system, which monitors and evaluates the state of implementation of this Strategy, and reviews reports on the evaluation of its effectiveness;
- The Coordinating Council for Public Administration Reform, which coordinates the actions of the executive bodies in the implementation of this Strategy and execution of the action plan for its implementation, and monitors and evaluates the effectiveness of their implementation and execution. The Coordinating Council for Public Administration Reform ensures coordination of activities within the implementation of the Strategy, operating on the basis of Regulation on Coordinating Council for Public Administration Reform approved by the Resolution of the Cabinet of Ministers of Ukraine of 18 May 2016 No. 335 “On



Coordinating Council for Public Administration Reform” (Official Bulletin of Ukraine, 2016, No. 42, p. 1577).

Implementation of this Strategy shall be carried out on the basis of an action plan for its implementation, which includes dimensions for each area of the public financial management system. Achievement of each strategic goal of this Strategy shall be assessed through the degree of achievement of the goal set in each area, and is ensured through the implementation of specific measures.

The action plan can be specified, including in terms of the contents of measures and definition of those responsible for their implementation, and deadlines. The objectives of this Strategy may be revised after an annual comprehensive assessment of the state of the public financial management system or, if necessary, by an interdepartmental working group on the development of the public financial management system.

- Monitoring of the reform process and evaluation of the effectiveness of the implementation of this Strategy shall include:
- quarterly – preparation of a report on execution of the action plan for the implementation of this Strategy;
- annually – preparation of a summary analytical report on the state of achievement of strategic goals in accordance with the dimensions under each area of the public financial management system, and evaluation of the effectiveness of the implementation of this Strategy.

Monitoring of execution of the action plan for the implementation of this Strategy shall be carried out quarterly by summarising by the Ministry of Finance information on the outcomes of the activities defined by the action plan for the implementation of this Strategy and submission, by the 25th day of the month following the reporting quarter, of a quarterly report to

that effect to the Coordinating Council for Public Administration Reform and to the Cabinet of Ministers. The authorities responsible for implementing the measures shall prepare and submit to the Ministry of Finance a quarterly report on the execution of the action plan for the implementation of this Strategy, which compares the actually achieved indicators with the planned ones, and points out to the issues of concern, their impact on the measures and achieving goals under each area of this Strategy (with an explanation of the reasons for their occurrence and an indication of the mechanism to address them).

Evaluation of the effectiveness of the implementation of this Strategy and of the state of achievement of goals under each area of the public financial management system, and also, assessment of the progress in achieving strategic goals, shall be carried out on the annual basis. The relevant report shall be prepared by the authorities responsible for the implementation of measures on the basis of monitoring of execution of the action plan for the implementation of this Strategy, and provide for carrying out such assessments.

The report must include an analysis of performance of the body responsible for implementing measures and an analysis of the changes over the year in relevant areas of public finance management, analyses of performance of the tasks and their impact on achieving the goal set and on achieving performance indicators, and an opinion on the policy effectiveness and proposals for extension of the Strategy's implementation or on adjustments to be made to achieve its goals.

The report shall be submitted annually by 1 March of the year following the reporting period by the responsible executors to the MoF. The Ministry of Finance shall, by 1 June, prepare a summary analytical report on the implementation of this Strategy, performance evaluation, and submit it to the Coordinating Council for Public Administration Reform. Upon



its approval by the Coordinating Council for Public Administration Reform, the report shall be submitted to the Cabinet of Ministers of Ukraine and published on the MoF's official website.

The bodies responsible for implementing the measures shall ensure the timeliness and reliability of the reports submitted to the MoF, which shall contain all the information necessary for an analysis of the effectiveness of the implementation of this Strategy in accordance with the requirements of the MoF.

If necessary, the results of the annual report may serve as the basis for formulation of proposals for updates to this Strategy and action plan for its implementation, which are to be considered by the relevant working subgroups and, after consolidation, submitted to the inter-departmental working group on the development of the public financial management system, which, based on the above proposals, will finally decide on the recommendations as regards making respective amendments.

APPROVED
by the Ordinance of the
Cabinet of Ministers of Ukraine
of 29 December

2021 No. 1805-p

ACTION PLAN

FOR IMPLEMENTATION OF THE STRATEGY FOR PUBLIC FINANCE MANAGEMENT SYSTEM REFORM IN 2022-2025

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
Compliance with general fiscal discipline in the medium-term perspective				
Taxation system				
<i>Improvement of the effectiveness of tax administration and quality of services rendered to taxpayers</i>				
1. Implementation of the action plan on implementation of conceptual directions of reformation of the system of authorities that implement the state tax and customs policy	STS MoF	progress report on implementation of the action plan has been provided	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
2. Development of a strategy for managing compliance with tax discipline ("compliance") with identification of taxpayer segments and risks for each segment, approaches to risk reduction, and preparation of the action plans to that effect		relevant legal and normative acts have been adopted		
3. Enhancement of the STS's institutional capacity in terms of identifying and preventing threats of external and internal interference with the operation of the State Tax Service's databases and information resources	STS MoF	a means of information security has been introduced to control and monitor the administration of the STS databases and information resources used for the administration of taxes, duties and other mandatory payments	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
4. Introduction of electronic desk audit (“e-audit”) of large taxpayers	MoF STS	relevant legal and normative acts have been adopted, relevant software has been put into operation	Q4, 2024	
5. Conducting a survey on the level of taxpayers’ satisfaction with the services provided by the State Tax Service	STS MoF	a report on the study has been published	on the annual basis	within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance
6. Further harmonisation of tax legislation with EU acquis	MoF STS	draft laws have been approved by the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine	within the time limits stipulated by law	within the state budget funds allocated for ensuring functioning of the above bodies
<i>Widening of the tax base</i>				
7. Improvement of the rules of control of transfer pricing under the Action Plan on Base Erosion and Profit Shifting (BEPS)	MoF STS	relevant legal and normative acts have been adopted	Q4, 2024	within the state budget funds allocated for ensuring functioning of the above bodies
8. Ensuring the creation of conditions for Ukraine’s accession to the Multilateral Agreement on Automatic Exchange of Financial Account Information	MoF STS National Bank (by agreement)	legal and normative acts necessary for signing the Multilateral Agreement on Automatic Exchange of Financial Account Information have been developed	Q4, 2022	
9. Ensuring the creation of conditions for Ukraine’s accession to the Multilateral Agreement on Automatic Exchange of CbC Reports	MoF STS	together with the Organisation for Economic Co-operation and Development (OECD), an assessment of confidentiality, consistency and the appropriate use of CbCR information has been conducted; a Multilateral Agreement on Automatic Exchange of CbC Reports has been signed	Q4, 2022	

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
10. Creating proper conditions for optimising the tax burden through the mechanism of avoidance of double taxation	MoF	draft treaties for the avoidance of double taxation between Ukraine and Qatar, Lichtenstein, Montenegro and Japan have been drawn up	Q4, 2024	within the state budget funds allocated for ensuring functioning of the above body
11. Implementation of the rules of taxation of controlled foreign companies	MoF STS	relevant legal and normative acts have been adopted	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
12. Revision of an environmental tax	MoF STS Ministry of Ecology and Natural Resources			
Customs system				
<i>Enhancement of the institutional capacity of tax authorities</i>				
13. Implementation of the action plan on reformation and development of the system of authorities that implement customs policy	State Customs Service MoF	progress report on implementation of the action plan has been provided	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
14. Implementation of a pilot project for competency and integrity testing of the customs officials	MoF State Customs Service	testing programmes have been drawn up and implemented; testing has been conducted; report on the implementation of the pilot project and proposals as to the need in amendments to legislation have been prepared		

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
15. Development of customs infrastructure and provision of customs authorities with modern technical means for customs control in accordance with the action plan for the construction of priority checkpoints for 2021–2023	State Customs Service MoF	customs infrastructure has been reconstructed, built, overhauled and re-equipped; structural subdivisions of customs authorities have been provided with intelligent video surveillance systems, weighing and scanning systems of all types, other technical means and customs control systems	QIV 2023	within the state budget funds allocated for ensuring functioning of the above bodies, and also, financed from other sources not prohibited by law
<i>Improvement of the customs controls and harmonisation of customs procedures, and facilitation of international trade</i>				
16. Implementation of a common transit system (NCTS)	State Customs Service MoF	software implemented; software has been in use at the international level	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance
17. Establishment of an authorised economic operator (AEO)	MoF State Customs Service	relevant legal and normative acts have been adopted; software implemented;	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
18. Creation of new IT services to control the movement of goods that may infringe intellectual property rights	State Customs Service	relevant IT services have been put into operation	Q1 2022	within the state budget funds allocated for ensuring functioning of the above body
19. Implementation of a methodology for measuring the average time of release of goods on the basis of best practices	State Customs Service MoF	relevant executive documents have been adopted		within the state budget funds allocated for ensuring functioning of the above bodies



Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
Management of fiscal risks and public assets				
<i>Carrying out a comprehensive assessment of fiscal risks and determining their impact on the state budget</i>				
20. Analysis of fiscal risks and their impact on state budget indicators and inclusion the results of their overall assessment in the Budget Declaration	MoF Ministry of Economy other central executive authorities National Bank (by agreement) State Property Fund	overall assessment of fiscal risks in line with the IMF Fiscal Transparency Code and its inclusion in the Budget Declaration	on the annual basis in Q2	within the state budget funds allocated for ensuring functioning of the above bodies
21. Preparation of information on fiscal risks and their impact on the state budget's indicators during the planned budget period		information on fiscal risks and their impact on the state budget's indicators has been included in budget documentation and published on the MoF's official website	on the annual basis in Q3	
<i>Ensuring effective monitoring of fiscal risks and minimisation thereof</i>				
22. Creation of a Register of Fiscal Risks that may affect the state budget and monitoring them	MoF Ministry of Economy other central executive authorities National Bank (by agreement) State Property Fund	Register of Fiscal Risks has been created	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
23. Development of action plans to minimise fiscal risks associated with the activities of economic entities included by the MoF in the list of economic entities with which the greatest fiscal risks may be associated	central executive authorities (economic operators' management bodies) MoF Ministry of Economy	economic operators' management bodies have approved action plans in agreement with the MoF	on the annual basis, by May 1	

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
<i>Improvement of institutional capacity of MoF and other public authorities as regards management of fiscal risks</i>				
24. Strengthening the institutional and analytical capacity of the MoF and other public authorities with a view to identification, assessment, monitoring of fiscal risks and taking measures to minimise them	MoF Ministry of Economy other central executive authorities State Property Fund National Bank (by agreement)	training on fiscal risk management has been conducted (based on the results, the number of employees trained is indicated)	on a continuous basis	within the state budget funds allocated for ensuring functioning of the above bodies
<i>Implementation of local budget fiscal risk management</i>				
25. Amending the Budget Code of Ukraine in terms of determination of the procedure for the local fund fiscal risk management	MoF Ministry of Economy MoJ	draft law on amendments to the Budget Code of Ukraine has been approved by the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine	Q2, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
26. Drawing up methodological recommendations on the local budget fiscal risk management	MoF Ministry of Economy all-Ukrainian association of local self-governing bodies (by agreement)	methodological recommendations have been drawn up and notified to local self-government bodies	Q4, 2022	
27. Monitoring of compliance with the agreements executed by the local executive authorities under public-private partnership	Ministry of Economy MoF MCDT	report has been drawn up, monitoring results have been taken into account in fiscal risk assessment	on the annual basis in Q1	
28. Strengthening of the local self-governments' capacity as regards fiscal risk management	MoF all-Ukrainian associations of local self-governing bodies (by agreement) local state administrations local councils' executive authorities (by agreement)	training materials have been developed and training of the members of local self-governments on fiscal risk management has been conducted (based on the results, the number of bodies where training was conducted and the number of persons trained is indicated)	on a continuous basis	within the state and local budget funds allocated for ensuring functioning of the above bodies and under international technical assistance

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
Debt management				
<i>Ensuring functioning of the Debt Agency</i>				
29. Development of the requirements to, and holding, competition for the position of the Debt Agency's Head	NAUCS MoF	requirements have been developed, competition has been held	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
30. Establishment of the Debt Agency	Head of the Debt Agency MoF	Debt Agency has been registered as a legal entity		
<i>Improvement of the instruments and mechanisms for public guarantees, including for support of small and medium-sized businesses</i>				
31. Introduction of a fee for the provision of state guarantees based on risk assessment	MoF Debt Agency	relevant legal and normative acts adopted	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance
32. Improvement of the competitiveness assessment of the debtor at the time of provision of public guarantees			Q3, 2022	
33. Improvement of the mechanism for provision of public guarantees on a portfolio basis			Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
<i>Development of the domestic public securities market</i>				
34. Domestic government bonds joining JP Morgan GBI-EM index	MoF Debt Agency	domestic government bonds joined JP Morgan GBI-EM index	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above bodies

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
<p>35. Introduction of active instruments for public debt management in the domestic market</p> <p>36. Improvement of the functioning of the Institute of Primary Dealers</p>		<p>relevant legal and normative acts adopted</p> <p>it has been ensured that primary dealers perform the function of market-makers as regards domestic government bonds on the secondary market</p>	<p>Q1, 2022</p> <p>Q4, 2022</p>	<p>within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance</p>
<i>Improvement of the local self-governments' capacity as regards debt management</i>				
<p>37. Drawing up methodological recommendations on the local debt management</p>	<p>MoF all-Ukrainian associations of local self-governing bodies (by agreement)</p>	<p>methodological recommendations have been drawn up and notified to local self-government bodies</p>	<p>Q1, 2022</p>	<p>within the state budget funds allocated for ensuring functioning of the above body</p>
<p>38. Improvement of the mechanism for control of local debts and guarantees</p>	<p>MoF</p>	<p>draft law on amendments to the Budget Code of Ukraine has been approved by the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine</p>		
<p>39. Carrying out monitoring of debt obligations and guarantees provided by local self-governments</p>	<p>MoF local self-governing bodies (by agreement)</p>	<p>report has been drawn up, monitoring results have been taken into account in fiscal risk assessment</p>	<p>on the annual basis in Q1</p>	<p>within the state budget funds allocated for ensuring functioning of the above bodies</p>
<p>40. Strengthening of the local self-governments' capacity as regards debt management</p>	<p>MoF all-Ukrainian associations of local self-governing bodies (by agreement) local state administrations local councils' executive authorities (by agreement)</p>	<p>training materials have been developed and training of the members of local self-governments on debt management has been conducted (based on the results, the number of bodies where training was conducted and the number of persons trained is indicated)</p>	<p>on a continuous basis</p>	<p>within the state and local budget funds allocated for ensuring functioning of the above bodies and under international technical assistance</p>

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
<i>Increasing of the share of long-term concessional financing</i>				
41. Improvement of the regulatory framework in order to eliminate obstacles in the preparation/implementation of joint projects with IFIs	MoF	relevant legal and normative acts have been adopted	Q4, 2024	within the state budget funds allocated for ensuring functioning of the above body
42. Extension of the list of financial instruments under joint project with IFIs		implementation of projects with the use of new financial instruments has been insured	Q4, 2025	
43. Disclosure of complete and objective information on the initiation, preparation to, and implementation, of projects through loans from IFIs	MoF	availability on the IFIs projects web portal of up-to-date information on the projects of social and economic development of Ukraine whose implementation is funded by the IFIs	on a continuous basis	within the state budget funds allocated for ensuring functioning of the above body
<i>Increasing of the share of long-term concessional financing</i>				
44. Establishing the exchange of information between the Treasury, the Ministry of Finance and other entities responsible for the movement of funds through a single treasury account, for the purposes of forecasting and liquidity management	MoF other ministries Treasury STS SCS, Pension Fund of Ukraine State Property Fund	the Procedure for Information Exchange among the entities of the liquidity management system has been approved; database necessary for forecasting movement of funds has been set up	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
45. Ensuring automatic forecasting of the movement of funds in the Treasury's single treasury account and foreign currency accounts	MoF Debt Agency Treasury	automated system of decision-making as regards liquidity management has been put in place	Q2, 2022	within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance
46. Extension of the period for forecasting movement of funds in the single treasury account to six months, with further improvement in forecasting quality	MoF, Treasury STS State Customs Service National Bank (by agreement)	reliable daily forecasts of movement of funds in the single treasury account for up to three months and monthly forecasts for up to six months have been ensured	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above bodies

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
47. Improving the institutional and analytical capacity to forecast the movement of funds in the single treasury account, and the use of liquidity management tools	MoF Treasury STS State Customs Service	training on forecasting of movement of funds in the single treasury account has been conducted (based on the results, the percentage of employees trained is indicated)	on a continuous basis	within the state budget funds allocated for ensuring functioning of the above bodies
<i>Improvement of liquidity management tools</i>				
48. Improving the tools for managing temporarily free funds in the Treasury's single treasury account and foreign currency accounts, making relevant transactions	MoF Debt Agency	the procedure for placing temporarily free balances into the Treasury's single treasury account and foreign currency accounts has been amended	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
49. Introduction of liquidity management tools with a view to ensure payments by spending units and recipients of state budget funds, serviced by the Treasury, in case of insufficient funds in the single treasury account		use of liquidity management tools has been ensured	Q1, 2022	
50. Carrying out the analysis and preparation of the proposals on coordination of time-limits for considerable receipts and expenses of the state budget	MoF Treasury STS State Customs Service	relevant analytical report and legal and normative acts have been adopted	QIV 2023	
Improving the efficiency of resource allocation at the level of formation of the state policy Macroeconomic and budgetary forecasting and strategic planning				
<i>Legislative regulation of the functioning of the integrated system of state forecasting and strategic planning of economic and social development</i>				
51. Drawing up the draft law on system of state forecasting and strategic planning of economic and social development	Ministry of Economy MoF MCDT MoJ	the draft law on system of state forecasting and strategic planning of economic and social development has been approved by the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
52. Bringing budget law in line with the new system of state forecasting and strategic planning of economic and social development	MoF Ministry of Economy	the draft Law of Ukraine "On Amendments to the Budget Code of Ukraine" drawn up based on the law on development of the system of state forecasting and strategic planning of economic and social development has been adopted by the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine	within the period of three months from adoption of the draft law on development of the system of state forecasting and strategic planning of economic and social development	
<i>Development of the system of state forecasting and strategic planning of economic and social development within implementation of the legislation on development of the system of state forecasting and strategic planning of economic and social development</i>				
53. Ensuring implementation of the law on development of the system of state forecasting and strategic planning of economic and social development	Ministry of Economy MoF MCDT MoJ	necessary normative and legal acts of the Cabinet of Ministers of Ukraine have been adopted in order to bring the system of state forecasting and strategic planning of economic and social development in line with the law; necessary methodological recommendations for the development, implementation, monitoring and evaluation of implementation of strategic planning documents were approved during one year from the date of enactment of the law on development of the system of state forecasting and strategic planning of economic and social development within the funds of the state budget allocated to ensure the functioning of the above bodies		

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
<i>Further depoliticisation of macroeconomic and budgetary forecasting and strategic planning</i>				
54. Setting up the Council of Independent Experts	Ministry of Economy MoF	independent external evaluation of the macroeconomic forecasting and forecasting of state budget revenues and policy initiatives has been introduced; quality, validity, transparency and public perception of public policy in the field of state forecasting and strategic planning of economic and social development have been improved	during the year from enactment of the law on development of the system of state forecasting and strategic planning of economic and social development	within the state budget funds allocated for ensuring functioning of the above bodies
<i>Further depoliticisation of macroeconomic and budgetary forecasting and strategic planning</i>				
55. Improvement of the quality of modelling scenarios when making budgetary forecasts for a medium-term perspective	MoF	the causes of deviations between actual and forecast medium-term budget indicators have been analysed, and proposals for changes in the methods have been developed	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above body
56. Drawing up a structural macroeconomic model and computable general equilibrium model	Ministry of Economy	a new toolkit for macroeconomic forecasting has been developed	Q4, 2024	within the state budget funds allocated for ensuring functioning of the above body and under international technical assistance
57. Comprehensive revision of the methodology for forecasting budget revenues	MoF	MoF orders to that effect have been issued	Q4, 2023	within the state budget funds allocated for ensuring functioning of the above body
58. Ensuring further improvement of the transparency of the macroeconomic forecast process	Ministry of Economy	a summary of the modelling mechanism used in forecasting has been published	Q4, 2025	within the state budget funds allocated for ensuring functioning of the above body and under international technical assistance

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
59. Ensuring further improvement of the transparency of the budget revenue forecasting process	MoF	a summary of the actual modelling mechanism used in forecasting has been published	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above body
60. Capacity building in the sphere of forecasting macroeconomic indicators	Ministry of Economy	training on improvement of the tools for macroeconomic forecasting has been conducted (based on the results, the percentage of employees trained is indicated)	on a continuous basis	within the state budget funds allocated for ensuring functioning of the above body and under international technical assistance
61. Capacity building in the sphere of forecasting budget revenue indicators	MoF STS State Customs Service	training on improvement of the tools for forecasting budget revenues has been conducted (based on the results, the percentage of employees trained is indicated)		within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance
62. Capacity building in the sphere of state strategic planning	Ministry of Economy MoF other ministries	training on the development, implementation, monitoring and evaluation of the implementation of strategic planning documents has been conducted	on continuous basis, starting from 2023	
Medium-term budget planning				
<i>Setting up reliable medium-term framework for state budget planning</i>				
63. Development of a methodology for preparing proposals for the Budget Declaration, in particular, as regards the estimation of base expenditures, and approaches to the distribution of marginal expenditures in the medium-term perspective	MoF	appropriate legal and normative act has been adopted	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above body

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
<p>64. Update of the methodology of drawing up budget requests for the draft State Budget of Ukraine for the respective year, in particular, as regards the drawing up budget requests by main spending units within the marginal expenditures and loans approved by the Budget Declaration; identification of cases of adjustment of thresholds approved by the Budget Declaration</p> <p>65. Making comparison of the key actual indicators of the state budget for the reporting budget period with the indicators provided by the Budget Declaration for the corresponding period</p> <p>66. Drawing up proposals on reduction in the number of main spending units with a view to strengthen the strategic orientation of the budget process</p>	<p>MoF MoJ Ministry of Economy</p>	<p>the comparison of the actual indicators of the State Budget of Ukraine for 2022 with the indicators provided by the Budget Declaration for 2022–2024 is included in the Budget Declaration for 2024–2026</p> <p>proposals on reduction in the number of main spending units under drafting of the Law of Ukraine “On State Budget of Ukraine for 2023” have been developed</p>	<p>Q2, 2023</p> <p>Q3, 2022</p>	<p>within the state budget funds allocated for ensuring functioning of the above bodies</p>
<p><i>Setting up reliable medium-term framework for state budget planning</i></p>				
<p>67. Putting in place consultations as regards the possible impact on the indicators of state and/or local budgets, with the MoF at the stage of drafting normative and legal acts</p> <p>68. Strengthening the requirements to financial and economic feasibility of draft legal and normative acts, and to their compliance with budget legislation</p>	<p>MoF MoJ Secretariat of the Cabinet of Ministers of Ukraine</p> <p>MoF Secretariat of the Cabinet of Ministers of Ukraine</p>	<p>proposals on the amendments to the Rules of Procedure of the Cabinet of Ministers of Ukraine have been developed</p>	<p>Q2, 2022</p>	<p>within the state budget funds allocated for ensuring functioning of the above bodies</p>

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
69. Monitoring of draft acts for the availability and quality of financial and economic calculations submitted by the chief drafter		positive conclusions of the MoF as to the proper quality of financial and economic calculations to the draft acts or draft laws adopted or approved by the Cabinet of Ministers of Ukraine	on a continuous basis	
<i>Raising budgetary discipline and improving of budget planning</i>				
70. Improving the procedure for redistribution of state budget expenditures within the overall amount of budget assignments of the main spending unit during the budget year	MoF	amendments to relevant legal and normative acts have been made	Q3, 2022	within the state budget funds allocated for ensuring functioning of the above body
71. Automation of planning and monitoring of the state budget implementation		relevant information and analytical system has been developed and implemented	Q4, 2024	
72. Determining the procedure for formation of the payroll budgets in public authorities	NAUCS MoF	appropriate legal and normative act has been adopted	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
73. Capacity building as regards medium-term budget planning	MoF other central executive authorities	training on medium-term budget planning has been conducted (based on the results, the number of employees trained is indicated)	on a continuous basis	within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance
<i>Development of local medium-term budget planning</i>				
74. Development of a standard form of a local budget forecast	MoF all-Ukrainian associations of local self-governing bodies (by agreement)	appropriate legal and normative act has been adopted	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above body

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
75. Determining the organisational and methodological principles of local budget forecasting, including a standard forms	MoF	appropriate legal and normative act has been adopted	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above body
76. Approval of local budget forecasts in the form of medium-term budget planning documents	local state administrations and local councils' executive authorities (by agreement)		on the annual basis in Q3	within the state and local budget funds allocated for ensuring functioning of the above bodies
77. Creating a system for monitoring local budget forecasts by automating basic processes, organising communication systems and data transfer	MoF local state administrations and local councils' executive authorities (by agreement)	software has been developed and implemented	Q1, 2022	
78. Gender mainstreaming in local budget forecasts (by decision of the body drafting the local budget forecast)	local state administrations local councils' executive authorities (by agreement)	information on gender mainstreaming in local budget forecasts approved has been included	on the annual basis in Q3	
79. Strengthening of the local self-governments' capacity as regards medium-term budget planning	MoF all-Ukrainian associations of local self-governing bodies (by agreement) local state administrations local councils' executive authorities (by agreement)	training materials have been developed and training of the members of local self-governments on medium-term budget planning has been conducted (based on the results, the number of bodies where training was conducted and the number of persons trained are indicated)	on a continuous basis	within the state and local budget funds allocated for ensuring functioning of the above bodies and under international technical assistance

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
Programme-based budgeting				
<i>Optimisation of budget programmes and strengthening their compliance with public policy goals</i>				
80. Analysis of budget programmes and finding optimal approaches to their formation by the main spending units	MoF main spending units	proposals/guidance materials on improving approaches to the formation of budget programmes by the main spending units have been prepared	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
81. Improving approaches to the formation of budget programmes by the main spending units	MoF	appropriate legal and normative act has been adopted	Q2, 2022	within the state budget funds allocated for ensuring functioning of the above body
82. Revision and update of budget programmes by main spending units with an account taken of the new approaches to the formation of budget programmes	main spending units MoF	budget requests to the draft State Budget of Ukraine for the respective year have been submitted by main spending units with an account taken of the new approaches	Q3, 2023	within the state budget funds allocated for ensuring functioning of the above bodies
83. Improving the efficiency of verification of state payments	MoF MSP	information and analytical platform of electronic verification and monitoring has been improved; proposals on the planned indicators of budget programmes in the social sphere have been submitted on the basis of determining the impact of various factors on those, based on the analysis of the historical data on the recipients	Q1, 2024	within the state budget funds allocated for ensuring functioning of the above bodies, and also, within the funds allocated under the budget programme 3501480 "Setting up and functioning of the information and analytical platform of verification, and further action associated with implementation thereof"
84. Updating approaches to application of programme-based budgeting	MoF	proposals have been developed	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above body

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
85. Strengthening the capacity to use the programme-based budgeting in the budget process	MoF other central executive authorities	training has been conducted (based on the results, the number of bodies where training was conducted and the number of persons trained are indicated)	on a continuous basis	within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance
<i>Making regular reviews of state budget expenditure</i>				
86. Determining spheres, goals and time-limits for cost reviews	MoF main spending units	draft act of the Cabinet of Ministers of Ukraine has been drawn up	on the annual basis in Q2	within the state budget funds allocated for ensuring functioning of the above bodies
87. Making cost reviews in the above spheres	main spending units MoF	reports on the results of cost reviews, which contain proposals for optimisation thereof	on the annual basis in Q4	
88. Conducting monitoring of the progress of reviewing state budget expenditure	MoF main spending units	timely and high-quality expenditure reviews are ensured with the publication of relevant information on the official websites of the Ministry of Finance and the main spending units	on a continuous basis	
89. Improving the methodology of conducting cost reviews in relevant spheres with the determination of their regularity with a view to ensuring full integration into the budgeting process	MoF	amendments to legal and normative acts have been made	QIV 2023	within the state budget funds allocated for ensuring functioning of the above body
<i>Effective performance monitoring</i>				
90. Evaluating the effectiveness of budget programmes in accordance with the updated methodology	main spending units	publication of information on the results of the evaluation of the effectiveness of budget programmes for the reporting period by the main spending units has been ensured	on the annual basis in Q1	within the state budget funds allocated for ensuring functioning of the above bodies

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
91. Monitoring publications by the main spending units of information on the results of the evaluation of the effectiveness of budget programmes for the reporting period	MoF	monitoring results have been posted on MoF's official website	on the annual basis in Q2	within the state budget funds allocated for ensuring functioning of the above body
92. Analysis of the need to improve the organisational and methodological framework for assessing the effectiveness of budget programmes	MoF main spending units	an analytical note and relevant proposals have been prepared	Q4, 2023	within the state budget funds allocated for ensuring functioning of the above bodies
93. Conducting gender analysis of budget programmes	main spending units	each main spending unit has conducted gender analysis of at least one budget programme	on the annual basis in Q2, starting from 2022	within the state budget funds allocated for ensuring functioning of the above bodies
<i>Improving the programme-based budgeting at the local level, including the application of a gender-oriented approach in the budgeting</i>				
94. Improvement of a standard form of the budget request to a local budget with an account taken of development of local medium-term budget planning	MoF	proposals on the amendments to the standard forms of budget requests and guidelines have been drawn up	Q2, 2022	within the state budget funds allocated for ensuring functioning of the above body
95. Optimisation of the Standard Programme Cost Classification and local budget crediting	MoF MES MoH MCIP MSP Ministry of Youth and Sports, MCDT Ministry of Infrastructure	proposals on amendments to the Standard Programme Cost Classification and Local Budget Crediting have been developed	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
96. Guidelines on the Application of Codes of the Standard Programme Cost Classification and Local Budget Crediting have been approved	MoF	guidelines have been developed	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above body

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
97. Improving the system of local budget programmes' performance indicators, in particular, by introducing a unified list of indicators and taking into account a gender-oriented approach	MoF MES MoH MCIP MSP Ministry of Youth and Sports, MCDT, Ministry of Infrastructure	proposals on the amendments to the local budget programmes' performance indicators have been developed	Q2, 2023	within the state budget funds allocated for ensuring functioning of the above bodies
98. Improvement of the Rules of drawing up local budget programme certificates and reports on implementation thereof	MoF	proposals on amendments to the Rules of drawing up local budget programme certificates and reports on implementation thereof have been developed, and amendments thereto have been made	Q4, 2024	within the state budget funds allocated for ensuring functioning of the above body
99. Strengthening of the local self-governments' capacity as regards application of programme-based budgeting in the budgeting process	MoF all-Ukrainian associations of local self-governing bodies (by agreement) local state administrations local councils' executive authorities (by agreement)	training materials have been developed and training of the members of local self-governments on application of programme-based budgeting in the budgeting process has been conducted (based on the results, the number of bodies where training was conducted and the number of persons trained is indicated)	on a continuous basis	within the state and local budget funds allocated for ensuring functioning of the above bodies and under international technical assistance
Inter-budget relations and fiscal decentralisation				
<i>Clear division of powers between executive bodies and local self-government bodies</i>				
100. Clear division of powers between executive bodies and local self-government bodies in accordance with the subsidiarity principle	MCDT other central executive authorities all-Ukrainian associations of local self-governing bodies (by agreement)	draft laws have been approved by the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies



Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
<i>Increase of the local self-governments' own financial resources</i>				
101. Carrying out analysis of possible options for changes in approaches to charging personal income tax in respect of natural persons working as salaried employees	MoF MCDT STS all-Ukrainian association of local self-governing bodies (by agreement)	an analytical report indicating the benefits and risks of each of the possible options has been prepared	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
102. Establishing the exchange of information between local self-governments and tax authorities	MoF STS all-Ukrainian association of local self-governing bodies (by agreement)	proposals have been developed and relevant legal and normative acts have been adopted; an opportunity has been given to local self-governments to use tax information from STS information and telecommunications systems and other sources when performing their official duties		
103. Formation of the local self-governments' resource base in accordance with their powers established under the principle of subsidiarity	MoF MCDT other central executive authorities all-Ukrainian association of local self-governing bodies (by agreement)	draft law on amendments to the Budget Code of Ukraine has been approved by the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
104. Development of approaches to assessment of the local communities' financial capacity	MoF MCDT local state administrations all-Ukrainian association of local self-governing bodies (by agreement)	indicators of the local communities' financial capacity have been developed	Q1, 2022	

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
<i>Improving the mechanism of financial support of expenditure powers delegated by the state to local self-governments and local executive bodies</i>				
105. Improvement (review) of the mechanism of fiscal equalisation with an account taken of updated powers of local self-governments	MoF other central executive authorities all-Ukrainian associations of local self-governing bodies (by agreement)	draft law on amendments to the Budget Code of Ukraine has been approved by the Cabinet of Ministers of Ukraine and submitted to the Verkhovna Rada of Ukraine	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
106. Review and approval of updated social standards and standards for the provision of state-guaranteed services in descriptive and value terms by each of delegated powers	MES MSP all-Ukrainian associations of local self-governing bodies	appropriate legal and normative act has been adopted	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
107. Improving approaches to financing regional development projects from the State Regional Development Fund	MCDT MoF	clear performance indicators of the relevant budget programme have been determined	Q2, 2022	
108. Implementation of the system for benchmarking local budgets	MoF local state administrations local councils' executive authorities (by agreement) all-Ukrainian associations of local self-governing bodies (by agreement)	benchmarking methodology has been developed	Q4, 2024	

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
<i>Enhancement of financial transparency and accountability of local self-governments</i>				
109. Analysis of the powers of the bodies authorised to monitor compliance with budget legislation as regards local budgets in the context of decentralisation reform	MoF MCDT State Audit Service Accounting Chamber (by agreement) local state administrations local councils' executive authorities (by agreement) all-Ukrainian associations of local self-governing bodies (by agreement)	an analytical report and proposals on making the necessary amendments to legislation have been prepared	Q3, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
110. Preparation of the proposals as regards changes in the powers of the bodies authorised to monitor compliance with budget legislation as regards local budgets in the context of budget decentralisation, with an account taken of the parameters and structure of relevant local budgets	MoF MCDT State Audit Service Accounting Chamber (by agreement) local state administrations local councils' executive authorities (by agreement) all-Ukrainian associations of local self-governing bodies (by agreement)	draft laws have been drawn up and approved by the Cabinet of Ministers of Ukraine	Q2, 2023	within the state budget funds allocated for ensuring functioning of the above bodies
Ensuring effective budget execution				
Public procurement system				
<i>Improving the procedure for monitoring public procurement and improving access to relevant sources of information</i>				

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
111. Improving the process of determining automatic risk indicators based on data from the electronic procurement system and other open sources of information	State Audit Service MoF Ministry of Economy	the MoF order to that effect has been drawn up and issued	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
112. Improving the electronic procurement system by ensuring the transition to electronic tender documents in the format of separate fields in the electronic procurement system	Ministry of Economy State Audit Service, State Enterprise ProZorro (by agreement)	amount of data in machine-readable format in the electronic procurement system has increased	Q4, 2024	within the state budget funds allocated for ensuring functioning of the above bodies
<i>Improving methodological approaches to control in the field of public procurement</i>				
113. Development of the methodological recommendations on control in the field of public procurement, in particular, as regards standardised check-lists, in the light of the best international practices	State Audit Service	methodological recommendations on state financial control in the field of public procurement have been developed and approved	Q2, 2022	within the state budget funds allocated for ensuring functioning of the above body
Public investment management				
<i>Strategic planning of public investment in the medium-term perspective</i>				
114. Drawing up, and approval of, a medium-term plan of priority public investments in compliance with the following principles: allocation of funds for the implementation of new projects only after the allocation of sufficient resources for the effective completion of the portfolio of public investment projects earlier launched and selected; selection of projects for financing or other forms of state support, based on economic analysis and complete information on future benefits and costs of their implementation	Ministry of Economy MoF other ministries	medium-term planning of public investment under medium-term budget planning has been launched	on the annual basis in Q3	within the state budget funds allocated for ensuring functioning of the above bodies

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
<i>Harmonisation of approaches to assessment and selection of proposals as regards funding investment projects</i>				
115. Generalisation and analysis of basic data on investment and operating costs based on recent representative projects	Ministry of Economy MoF other ministries	the organisational mechanism of the analysis of the data of the investment projects financed from the state budget has been determined, and the respective analytical report has been drawn up and published	Q1, 2023	within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance
<i>Building line ministries' capacity in public investment management</i>				
116. Capacity building in public investment management, in particular, as regards cost benefit analysis	main spending units NAUCS Ministry of Economy main spending units	proposals on training programmes have been developed and submitted to NAUCS training on public investment management has been conducted (based on the results, the number of employees trained is indicated)	Q4, 2022 on a continuous basis	within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance
<i>Improvement of the procedure for monitoring of project implementation and improvement of their transparency</i>				
117. Putting in place a centralised monitoring system for large-scale public investment projects, based on financial and other quantitative indicators for timely identification of projects posing high risk of problems emerging during their implementation, taking measures and enhanced monitoring, in particular, through development of online interfaces for reporting	Ministry of Economy	a centralised monitoring system has been put in place; integrated information and analytical system has been set up	Q1, 2023	within the state budget funds allocated for ensuring functioning of the above body and under international technical assistance

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
118. Introduction of mandatory publications by the main spending units of the conclusions of the governmental expert assessment of state investment projects	main spending units	information has been posted on the main spending units' official websites conclusions of the governmental expert assessment of state investment projects	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
119. Ensuring mandatory publications of the results of monitoring of the progress in development (implementation) of state investment projects	Ministry of Economy main spending units	results of the monitoring of the progress in development (implementation) of state investment projects have been posted on the official websites of Ministry of Economy and main spending units	on a quarterly basis	within the state budget funds allocated for ensuring functioning of the above bodies
<i>Improvement of the approaches to management of investment projects funded from the local budgets</i>				
120. Drawing up methodological recommendations on management of investment projects funded from the local budget fiscal risk management	MCDT Ministry of Economy MoF all-Ukrainian association of local self-governing bodies (by agreement)	methodological recommendations have been drawn up and notified to local self-government bodies	Q3, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
Public sector accounting				
<i>Improvement of national rules (standards) of public sector accounting</i>				
121. Implementation of measures under the Strategy for modernization of the public sector accounting and financial reporting system for the period till 2025	MoF	regular progress reports have been provided	Q4, 2025	within the state budget funds allocated for ensuring functioning of the above body
122. Drawing up and issuance of normative and legal acts as regards national rules (standards) of public sector accounting		relevant legal and normative acts have been adopted	Q4, 2024	

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
123. Ensuring cooperation with the International Federation of Accountants on translation of International Public Sector Accounting Standards (IPSAS) and respective update of national rules (standards) of public sector accounting	MoF	translation of International Public Sector Accounting Standards (IPSAS) has been ensured; relevance of approved national rules (standards) of public sector accounting and their compliance with IPSAS international standards have been ensured	on a continuous basis	within the state budget funds allocated for ensuring functioning of the above body
<i>Improving organisational framework and quality of accounting services in the public sector</i>				
124. Development of a training programme for public sector professionals as regards application of national rules (standards) of public sector accounting	MoF	training programme has been developed	Q2, 2022	within the state budget funds allocated for ensuring functioning of the above body
125. Implementation of measures for training and advanced training of employees of state-owned institutions and compulsory state social and pension insurance funds as regards application of national rules (standards) of public sector accounting	MoF Treasury compulsory state social and pension insurance funds	workshops, trainings and online trainings on accounting and financial reporting have been conducted (based on the results, the number of employees trained is indicated)	on a continuous basis	within the state budget funds allocated for ensuring functioning of the above bodies
126. Formation of conceptual approaches to improvement of the organisational structure of accounting departments and the system of performance evaluation of a chief accountant of the public sector entity	MoF Treasury compulsory state social and pension insurance funds	a new organisational structure of accounting departments of public sector entities and guidelines for performance evaluation of a chief accountant of the public sector entity have been developed	Q4, 2024	within the state budget funds allocated for ensuring functioning of the above bodies

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
<i>Improving the quality of information on the overall property status and performance of public sector entities and budgets</i>				
127. Improvement of the methodology for consolidation of financial reporting	MoF, Treasury main spending units compulsory state social and pension insurance funds	relevant legal and normative acts have been adopted	QIV 2023	within the state budget funds allocated for ensuring functioning of the above bodies
128. Ensuring publishing of information on the overall property status and performance of public sector entities and budgets	Treasury main spending units compulsory state social and pension insurance funds	consolidation of reporting on operations on budget execution, spending units and compulsory state social and pension insurance funds and publication thereof has been ensured	on the annual basis in Q2	
129. Development of a format for disclosing key differences between national and international public sector accounting standards	MoF	disclosure of key differences between national and international public sector accounting standards has been ensured	Q4, 2025	within the state budget funds allocated for ensuring functioning of the above body
<i>Improving the procedure for disclosing information on the execution of state and local budgets in accounting</i>				
130. Improving the modalities for the application of the Chart of public sector accounts with a view to disclosing information on the execution of state and local budgets	MoF Treasury	relevant legal and normative acts have been adopted	QIV 2023	within the state budget funds allocated for ensuring functioning of the above bodies
Treasury servicing of budget funds				
<i>Enhancement of the Treasury's institutional capacity</i>				
131. Development of an action plan for the Treasury's transition to operations in the format of a single legal entity, including through analysis, improvement of work processes and procedures, introduction of an effective organisational structure, defining a mechanism for delegating certain powers to heads of territorial bodies	Treasury MoF	relevant legal and normative acts have been adopted	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above bodies

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
132. Ensuring the Treasury's functioning as a single legal entity	Treasury MoF	a single legal entity has been established	QIV 2023	within the state budget funds allocated for ensuring functioning of the above bodies
<i>Improving the procedures for treasury servicing of budget funds and relevant reporting forms</i>				
133. Improving forms of reporting on the execution of local budgets to ensure comparison of actual expenditures with approved ones	MoF Treasury	Treasury reports on the implementation of local budgets by expenditures have been brought in line with the form in accordance with the annex as approved by the decision on the local budgets	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
134. Ensuring further automation of settlement and teller services for spending units and recipients of budget funds	Treasury	full connection of spending units and recipients of budget funds to the remote service system "Treasury Client – Treasury" and the digitalisation of settlement and teller services; improved (expanded) functionality of the remote service system "Treasury Client – Treasury" have been ensured	Q4, 2025	within the state budget funds allocated for ensuring functioning of the above body
System of state internal financial control				
<i>Introduction of internal financial control aimed at strengthening of accountability of the leaders of state-owned institutions for management and development of the institution as a whole</i>				
135. Integration of the aspects of internal control into practical activities of spending units	MoF other central executive authorities	two practical measures have been taken to integrate aspects of internal control	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above bodies



Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
<p>136. Implementation of the training program on internal control for the main spending units, central executive bodies, oblast, and Kyiv city, state administrations</p> <p>137. Preparation of a guidance manual (guide) on the practical implementation of certain aspects of the system of internal control by spending units, including risk management</p>	<p>MoF, other central executive authorities oblast state administrations and Kyiv City State Administration other main spending units</p> <p>MoF</p>	<p>training has been conducted (based on the results, the number of persons trained is indicated)</p> <p>the relevant manual (guide) has been prepared and disseminated</p>	<p>on a continuous basis</p> <p>Q1, 2022</p>	<p>within the state budget funds allocated for ensuring functioning of the above body</p>
<i>Enhancement of effectiveness and independence of internal audit</i>				
<p>138. Redirection of activities from internal audit to systemic analysis and performance evaluation of the internal control system, discharge of duties and functions, planning and implementation of budget programmes, quality of administrative services, progress and achievement of goals</p>	<p>central executive authorities oblast state administrations and Kyiv City State Administration other main spending units</p>	<p>a share of internal audits aiming at systemic analysis and performance evaluation of the internal control system, discharge of duties and functions, planning and implementation of budget programmes, quality of administrative services, progress and achievement of goals has increased by 10%</p>	<p>Q1, 2022</p>	<p>within the state budget funds allocated for ensuring functioning of the above bodies</p>
<p>139. Stepping up control of response to recommendations provided based on the results of internal audits</p> <p>140. Holding training events, and training of internal auditors</p>	<p>MoF, other central executive authorities oblast state administrations and Kyiv City State Administration other main spending units</p>	<p>rate of implementation of recommendations based on the results of internal audits by public authorities has increased by 5%</p> <p>training of internal auditors has been conducted (based on the results, the number of employees trained is indicated)</p>	<p>on a continuous basis</p>	

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
141. Initiation of the process of voluntary and free-of-charge domestic certification of internal auditors of public authorities	MoF	relevant legal and normative acts have been adopted	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above body
142. Carrying out assessments of the internal audit system's functioning (external assessments of the quality of internal audit) within the ministries, other central executive bodies, in the Council of Ministers of the Autonomous Republic of Crimea, in oblast state administrations, and in Kyiv and Sevastopol city state administrations, other main spending units, with a view to provision of recommendations on improvement of an internal audit system	MoF other central executive authorities Council of Ministers of the Autonomous Republic of Crimea, oblast state administrations, Kyiv and Sevastopol city state administrations, other main spending units	at least 20 external assessments of internal audit's quality have been conducted	Q4, 2025	within the state budget funds allocated for ensuring functioning of the above bodies
143. Informing the Cabinet of Ministers of Ukraine on the state of functioning of public internal financial control and internal audit based on the results of the analysis of the information reported by public authorities	MoF	proposals on improvement of the functioning of internal control and internal audit systems have been submitted to the Cabinet of Ministers of Ukraine	on the annual basis in Q2	within the state budget funds allocated for ensuring functioning of the above body
144. Strengthening the organisational and functional independence of internal audit subdivisions and informing MoF on the measures taken	central executive authorities oblast state administrations and Kyiv City State Administration other main spending units	organisationally and functionally independent internal audit subdivisions	on the annual basis in Q1	within the state budget funds allocated for ensuring functioning of the above bodies
145. Setting up audit committees within ministries	ministries	Audit committees have been set up (composition has been determined and regulations have been approved), and they meet at least twice a year	Q1, 2023	

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
<i>Building institutional capacity of the central harmonisation department of MoF</i>				
146. Conducting training events dedicated to public internal financial control for the central harmonisation department of the Ministry of Finance on, as well as working meetings with international experts	MoF	training of the staff of the central harmonisation department of MoF has been conducted (based on the results, the number of employees trained is indicated)	on a continuous basis	within the state budget funds allocated for ensuring functioning of the above body
147. Launch of process automation in the sphere of internal control and internal audit by creating an interactive portal on public internal financial control	MoF other central executive authorities oblast state administrations and Kyiv City State Administration other main spending units	terms of reference with a view to establishment of an interactive portal dedicated to public internal financial control (including distance learning, testing, information and analytical support of activities) have been developed	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance
148. Putting the interactive portal dedicated to public internal financial control into pilot operation, with the gradual inclusion of relevant modules	MoF other central executive authorities oblast state administrations and Kyiv City State Administration other main spending units	interactive portal has been put into pilot operation	Q4, 2023	within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance
Public financial control				
<i>Stepping up public financial control in the spheres exposed to major risks</i>				
149. Improving the methodological principles of risk-oriented selection of monitored entities with a view to taking measures of public financial control	State Audit Service	methodical recommendations have been drawn up	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above body

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
150. Improving the procedure for conducting inspections by the State Audit Office, taking into account successful international practices	Ministry of Finance, State Audit Service Ministry of Economy SRS	appropriate legal and normative act has been adopted	Q2, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
<i>Ensuring effective interagency cooperation in exercise of financial control</i>				
151. Establishing effective cooperation with the Accounting Chamber in order to exchange information on risks (risky operations) in the activities of controlled institutions, coordination of communication during processes of planning, exchange of information on best practices when implementing measures of control	State Audit Service Accounting Chamber (by agreement)	a coordination/interaction agreement has been concluded with the Accounting Chamber	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
<i>Enhancement of the SAS bodies' institutional capacity at the central, regional and local levels</i>				
152. Improving the organisational and methodological foundations of public financial control over the resources of local budgets	State Audit Service	methodical recommendations have been drawn up	Q1, 2023	Q1, 2023 within the state budget funds allocated for ensuring functioning of the above body
153. Development of high-quality methodological support of the process of public financial audit, by types, taking into account the best international practices, including relevant standardised check lists		methodical recommendations have been approved	Q4, 2022	
Independent external financial audit				
<i>Maximum approximation of audit methodology and practices to INTOSAI standards</i>				
154. Introduction of compliance audit as one of the types of external audit as defined by INTOSAI standards	Accounting Chamber (by agreement)	all three types of external audit as defined by INTOSAI standards have been carried out; training materials have been developed and training on compliance audits has been conducted for officials of the Accounting Chamber	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above body

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
155. Strengthening the institutional capacity of the Accounting Chamber with a view to carrying out financial audit of consolidated financial statements	Accounting Chamber (by agreement)	methodological recommendations on carrying out financial audit of consolidated financial statements have been drawn up	Q4, 2023	within the state budget funds allocated for ensuring functioning of the above body
<i>Enhancement of the advisory (expert) role of the Accounting Chamber as the highest audit body in Ukraine</i>				
156. Introduction of a mechanism for consideration by the committees of the Verkhovna Rada of Ukraine of all reports based on the results of audits by the Accounting Chamber and taking the necessary measures with a view to exercise of parliamentary control	Accounting Chamber (by agreement)	proposals on strengthening the control function of the Verkhovna Rada of Ukraine and its committees with a view to increasing the rate of implementation of the Accounting Chamber's recommendations have been drawn up and submitted to the Verkhovna Rada of Ukraine	Q4, 2024	within the state budget funds allocated for ensuring functioning of the above body
Enhancing transparency and accountability in public finance management				
Budget transparency and public participation in budgeting				
<i>Ensuring compliance with international standards on budget transparency</i>				
157. Analysis of the results of the latest evaluation by the Open Budget Index and development of proposals with the view to upgrading Ukraine's rating	MoF Accounting Chamber (by agreement)	ensuring that Ukraine has gained at least 65 points in Open Budget Index in 2023	Q4, 2024	within the state budget funds allocated for ensuring functioning of the above bodies
158. Fiscal transparency evaluation by the International Monetary Fund	MoF	evaluation has been completed and report provided	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above body
159. Ensuring publications of main spending units' budget programme certificates and reports on implementation thereof in a machine-readable format	MoF main spending units	publications of main spending units' budget programme certificates and reports on implementation thereof in a machine-readable format have been ensured	Q4, 2022	within the state budget funds allocated for ensuring functioning of the above bodies

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
160. Raising public awareness on the functioning of the State Open Budget Web Portal	MoF	communications strategy has been developed	Q2, 2022	within the state budget funds allocated for ensuring functioning of the above body and under international technical assistance
161. Raising competence of the users of the State Open Budget Web Portal		training materials have been developed and training has been conducted	QIV 2023	
<i>Ensuring openness and accessibility of information on the local budgets</i>				
162. Providing access to information on budget indicators of local budgets through the State Open Budget Web Portal	MoF	a section 'Local Budgets' has been added to the State Open Budget Web Portal (https://openbudget.gov.ua)	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above body
163. Ensuring publishing information contained in budget requests of local budgets, local budget programme certificates, budgetary reports, decisions on local budgets, and in local budget forecasts, in the form of open data	local state administrations and local councils' executive authorities (by agreement)	information contained in budget requests of local budgets, local budget programme certificates and budgetary reports, decisions on local budgets and local budget forecasts in the form of open data has been posted on the official websites or otherwise made available	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies
Development of human resource management in public finance				
Implementation of the strategic approach and improvement of efficiency of human resource management in public finance				
164. Development of strategic development plans of human resource management systems in place in central executive bodies, whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance	State Customs Service State Audit Service Treasury	strategic development plans of human resource management systems have been drawn up in accordance with the relevant goals, including implementation of the up-to-date competence-based human resource management techniques	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
<p>165. Development and implementation of a competence-based human resource management model by MoF and other central executive bodies whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance</p> <p>166. Conducting annual surveys on the employees' interest in the results of their work and achievement of strategic goals (involvement of staff) of the Ministry of Finance, other central executive bodies, whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance</p> <p>167. Supporting gender equality and integration of women's leadership programmes in staff training programmes</p>	<p>MoF STS State Customs Service State Audit Service Treasury</p> <p>MoF</p>	<p>competence-based human resource management models have been approved</p> <p>survey has been conducted</p> <p>number of women holding leadership positions in MoF has increased</p>	<p>QIV 2023</p> <p>on the annual basis in Q3</p> <p>Q4, 2022</p>	<p>within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance</p> <p>within the state budget funds allocated for ensuring functioning of the above body and under international technical assistance</p>
Improving professional competence of financial system staff				
<p>168. Institutionalisation of professional and communicative capacity in public finance management</p>	<p>MoF</p>	<p>proposals on the establishment of a professional communication centre in the public finance management system and its transfer under the management of the Ministry of Finance have been drawn up</p>	<p>Q4, 2022</p>	<p>within the state budget funds allocated for ensuring functioning of the above body</p>

Activity	Responsible persons	Outcome	Period for implementation	Estimated amount and/or sources of funding
169. Capacity building in public finance management	MoF other central executive authorities	training programme has been drawn up and implemented, training has been conducted, a team of internal trainers on actual issues of public finance management has been assembled a public finance management online learning platform has been developed and put into operation	Q3, 2022 Q4, 2022	within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance
170. Establishment of a modern scientific and educational institution for training cadre in the field of public finance	MoF	State Tax University has started its functioning, and its development strategy has been approved	Q1, 2022	within the state budget funds allocated for ensuring functioning of the above body
171. Increase in the number of dual education curricula to be used for training cadre in the field of public finance	MoF STS State Customs Service Treasury State Audit Service State Financial Monitoring Service State Tax University (by agreement)	the number of dual education curricula and the number of students trained thereunder have increased; the number of central executive bodies, whose activities are directed and coordinated by the Cabinet of Ministers of Ukraine through the Minister of Finance, and which participate in implementation of dual education programmes has increased	Q3, 2022	within the state budget funds allocated for ensuring functioning of the above bodies and under international technical assistance