

**MIN  
FIN**

REFORM  
SUPPORT  
TEAM

# **Reform Support Team**

**Ministry of  
Finance of  
Ukraine**

**Report 2017**

Strengthening capacity of state institutions to draft and implement reforms is among key challenges Ukraine has faced in the recent years. With the help of our international partners and friends, we were able to bring new people with new ideas into the state system to develop, promote and implement changes.

The Reforms Support Team (RST) became this new blood badly needed in the Finance Ministry. The team contributed to the key initiatives the Ministry has worked on – public finance management strategy, tax administration and customs reforms, state-owned banks strategy, pension reform and other initiatives.

The new VAT refund system – online electronic register on the Finance Ministry's website – is one of the major anticorruption steps made in 2017. It introduced a new transparent system excluding any opportunities for corruption. The RST team assisted the Ministry greatly in the launch of this register among other steps within the reform of the State Fiscal Service.



**Oleksandr Danyliuk**  
Minister of Finance of Ukraine

We are also working together with our RST team on the draft law on distributed profit tax that would be introduced instead of the corporate income tax if approved. Ukraine is also progressing in the implementation of the BEPS minimum standard to fight tax avoidance. The RST's input in this process is highly appreciated.

The team has also worked closely with the Ministry to draft a law on the Financial Investigation Service, which should replace old corrupt tax police. It must become the only agency which would investigate financial and economic crimes against public interest. This step will decrease pressure on business by the law-enforcement system and will ensure effective investigation and prevention of financial and economic crimes.

Pension reform adopted by parliament in 2017 is another key reform for Ukraine's economic and financial stability. The Ministry's RST team assisted greatly in the development of the draft law searching for ways to decrease Pension fund deficit and to balance out state budget. The list of crucial initiatives facilitated by the RST continues.

Any reform process involves many stakeholders and requires skills, knowledge and motivation. The RST members have been of great support to the Ministry and have shown remarkable results in designing and implementing changes.

Together we are building a foundation for a more prosperous and stronger Ukraine!

**Oleksandr Danyliuk,**  
**Minister of Finance of Ukraine**

Launching the Reform Support Team with the help of our international partners was a great solution for advancing reforms and improving the performance of the Ministry of Finance of Ukraine.

First of all, I would like to admit the autonomy and initiative of the Project Managers, as well as their professional skills from various fields outside of public sector. This allows RST members to think out of the box and act as change makers, helping the Ministry with reforms implementation and capacity building. The positive effect that RST has on the Ministry is worth mentioning.

The key reform advocated by the RST is the Public Administration Reform, which includes the internal processes improvements within the Ministry of Finance. It involves a lot of positive changes, in particular, conduction of a functional review and implementation of the new organizational structure, introduction of strategic planning, assure HR improvements, IT capacity building and implementation of the electronic document flow system, etc.



**Ievgenii Kapinus**  
State Secretary  
Ministry of Finance of Ukraine

As a result, the Ministry of Finance shows much better performance in its functions execution and reforms implementation. It is highly appreciated by government members, our international partners, foreign and Ukrainian civil society experts. The new RST approach of project management helps us to optimize our work and not only make deliberate decisions, but also intensify the advancement of changes in financial sector.

As a project coordinator of the RST from the MoF's side, I admire those efforts that Project Managers make on daily basis to improve our Ministry. I am sincerely convinced that Public Administration Reform and changes inside the Ministry would not have been so successful and quick without deep involvement of the Reform Support Team.

I thank you for your enormous work and wish you a further inspiration and success. I do believe that our further achievements will make the Ministry of Finance an ideal example of a Ukrainian public body with the new quality of administration and results achieved.

**Ievgenii Kapinus,**  
**State Secretary**  
**Ministry of Finance of Ukraine**

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# Introduction

During the past four years, Ukraine has undergone significant changes in political and economic systems. Many successful decisions were made on the way of Ukraine's post-Euromaidan reforms.

As we look back on the progress since 2014, it would be fair to say that many systematic changes were launched thanks to technocrats who came into state bodies. However, Ukrainian public sector still face a lack of internal capacity to ensure both to cement these changes and to initiate new ones.

Therefore, it was a very timely and sound decision to create Reform Support Teams (RST) at pilot Ukrainian ministries at the end of 2016. The philosophy of such projects is to promote sustainable changes, meaning not performing the operational work of the Ministry, but strategic reform projects.

The Reform Support Team at the Ministry of Finance of Ukraine (MoF) is funded by the Ukraine Stabilisation and Sustainable Growth Multi-Donor Account (MDA) managed by the EBRD. Contributors to the MDA are Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Poland, Sweden, Switzerland, the United Kingdom, the United States and the European Union.

A year of the Reform Support Team at the Ministry of Finance functioning proved such approach both effective and productive. Independent professionals hired by the international donors have been integrated into the Ministry to provide additional expertise and increase the Ministry of Finance institutional capacity. This allowed faster implementation of positive changes in the key reform areas entrusted to the Ministry.

The priority reforms that were defined by the Ministry of Finance senior management in accordance with the Government's Action Plan and international commitments of Ukraine are following: Public Finance Management reform, Public Administration reform, Social reform, Tax reform, Customs reform, State-owned banks reform and Reform of Cooperation with International Financial Institutions. The RST has provided hands-on support in the reform process, including but not limited to design of reforms and technical work. The Ministry of Finance progress in areas and mentioned RST contribution are highlighted in this annual report.

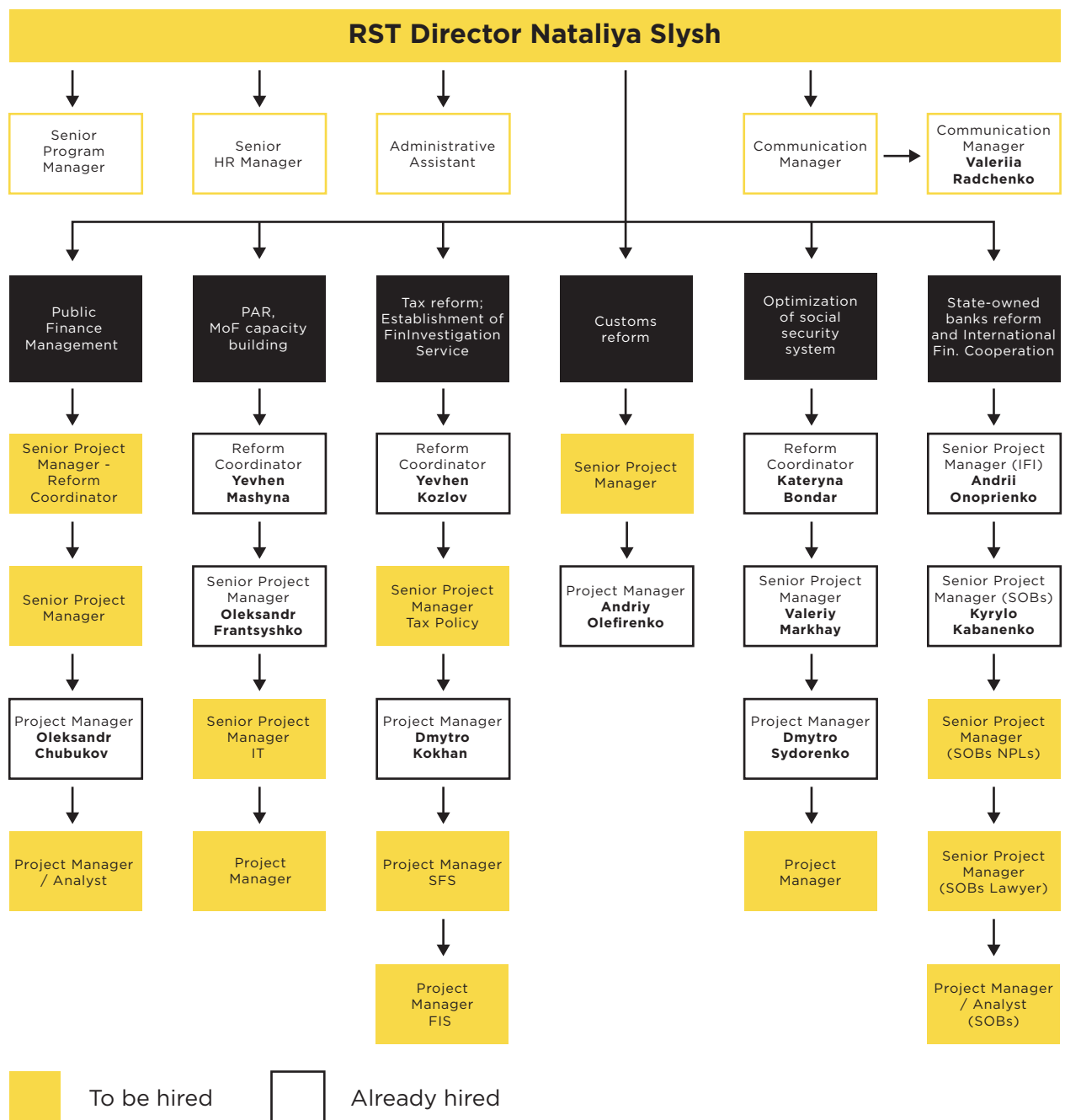
The reform process in Ukraine does not always go smoothly and quickly enough, there are many obstacles that arise along the way, but the Reform Support Team will continue to provide expertise to the Ministry of Finance to carry out positive changes in Ukraine.

Wishing all of us inspiration and courage in our struggle for European Ukraine.

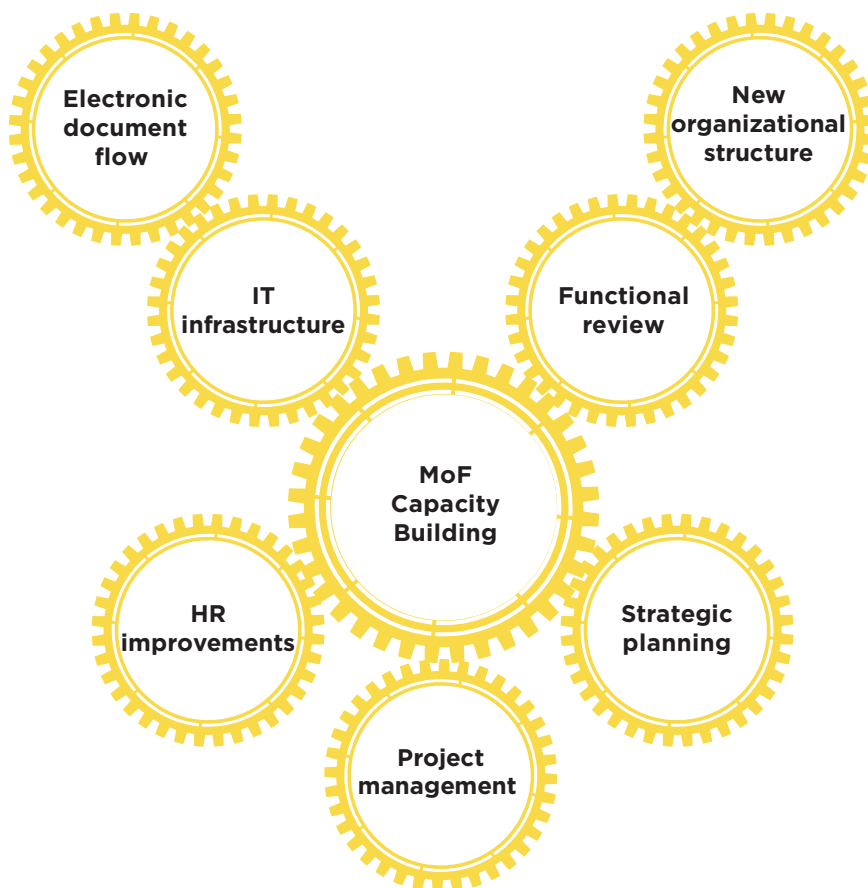
**Reform Support Team  
Project Management Office  
Ministry of Finance of Ukraine**



## The RST MoF Orgchart



# Public Administration Reform





## Functional review and the new organizational structure

### Impact

- 💡 Increase in efficiency of policy making procedures at the MoF, improved legislation preparation flow, quicker processing of documents and better control
- 💡 Clearly defined roles and responsibilities of the MoF's personnel will lead to an improvement in business processes

### Key activities involved

- ⚙️ The RST participated in the implementation of a new civil service concept provided by the SCMU
- ⚙️ The RST has helped the MoF to perform a functional review of departments in order to implement the new concept
- ⚙️ The RST was involved in the analysis of a legislative basis for more than 2 500 MoF functions and drafted internal regulation
- ⚙️ The RST provided suggestions on a new organizational structure for the MoF with the implementation of Directorates General







## Strategic planning framework

### Impact

- 💡 Implementation of the strategic planning framework at the MoF

### Key activities involved

- ⚙️ The RST has analyzed and prepared information notes on all strategic goals of the MoF
- ⚙️ The RST was involved in the preparation of methodological recommendations for personnel evaluation in line with strategic and operational goals of the MoF
- ⚙️ The RST has prepared a test version of the IT tool for strategic goals setting and monitoring and personnel evaluation



## Implementation of a new project management concept

### Impact

- 💡 Efficient internal processes reduce costs and time spendings that leads to better results when managing various projects

### Key activities involved

- ⚙️ The RST has prepared and approved with the State Secretary a concept of the Project management for the MoF
- ⚙️ The launch of the pilot project is planned for 2018





## HR and internal processes improvements

### Impact

- 💡 The personnel engagement survey will help to find out if employees can see a clear path forward and to receive feedback on key internal issues
- 💡 Better strategic planning will help to set priorities, focus energy and resources, strengthen operations, ensure that employees are working toward common goals

### Key activities involved

- ⚙️ The RST drafted questionnaire and helped the HR department to conduct an internal personnel survey. After the survey, the RST helped to prepare an action plan for implementation of proposed internal changes (~90% fulfillment of short-term actions)
- ⚙️ The RST participated in the negotiations on launching personnel trainings at the MoF
- ⚙️ The RST conducted an analysis of the foreign business trips arrangement process and proposed suggestions for improvements



## IT infrastructure at the MoF (IT capacity building)

### Impact

- 💡 Faster, modern and more secure IT systems at the MoF, increased data storage capacity

### Key activities involved

- ⚙️ The RST has helped MoF to increase existing IT capacity and participated in identification of the needs to purchase new IT hardware
- ⚙️ The RST has supported MoF in preparation of the Terms of reference for PFM Sector IT Audit (World Bank project)
- ⚙️ The RST has participated in preparation of the preliminary plan for IT projects at PFM for 2018-2020
- ⚙️ The RST has helped MoF in market research on PFM IT systems solutions



## Implementation of the electronic document flow system

### Impact

- 💡 Transition from a heavy paper-based document flow within the MoF to an efficient paperless system, this will reduce costs and time spent for document processing and will improve communication among the MoF departments
- 💡 Implementation of the electronic document flow system in the MoF will save approximately 40% of time spent on document processing, which means saving approximately in total 33 221 working hours annually for all MoF employees

### Key activities involved

- ⚙️ The RST has supported the development of technical requirements for the EDMS and helped the MoF with preparation of tender documents
- ⚙️ The RST has prepared template answers for incoming documents, which will be included in the electronic document system flow and used by the MoF to save time when preparing standard responses
- ⚙️ The RST participating in the EDMS implementation process



# Tax Reform



## Tax code



Issuing tax clarifications for business

Introduction of the distributed profit tax

Implementation of BEPS

Improvement of the taxation of Ukraine government bonds

## Value added tax



New VAT refund register

Upgrade of the VAT electronic administration system

## State Fiscal Service



Changes in SFS structure

Introduction of KPIs for SFS





## Changes to the Tax Code

### Impact

- 💡 An improved procedure for consideration of tax disputes, introduced a single register of tax consultations, enhanced electronic cabinet for tax-payers will lead to simplification of the tax administration
- 💡 In 2017 Ukraine moved up 41 positions in the Global Paying Taxes Index (now – sitting in 43rd place)

### Key activities involved

- ⚙️ The RST was involved in the preparation and analysis of draft laws that were adopted on December 20, 2016 and December 7, 2017



## A new VAT refund register

### Impact

- 💡 Enhanced transparency of VAT refunds
- 💡 Simplification and clarification of tax legislation for business leads to a decrease in time for business to obtain a VAT refund from the average of 28.2 weeks to 5-15 weeks

### Key activities involved

- ⚙️ The RST has helped to prepare a detailed step-plan on introduction of a new VAT refund register
- ⚙️ On April 1, 2017, a new VAT refund register was successfully launched



**VAT administration system**

**Impact**



An error was identified in the work of the Ukrainian VAT administration system “CEO VAT” operated by the State Fiscal Service, when a taxpayer makes a set-off of VAT credit with previous period VAT due

**Key activities involved**



The RST has proposed the amendments to the CMU Decree on the electronic administration of VAT to avoid such errors



**Issuing tax clarifications (tax rulings) for business**

**Impact**



Tax rulings will minimize risks in different interpretation of tax rules by taxpayers and tax authorities. Thus, tax administration becomes clearer for business

**Key activities involved**



The RST drafted tax rulings and helped to prepare regulations of the issuance of tax rulings and establishment of corresponding Expert Council





## Improvement of the taxation of Ukraine government bonds

### Impact

- 💡 Optimization of the taxation of government bonds allowed Ukraine to raise \$3 billion additional funding through first sovereign bond issue since restructuring state debt in 2015

### Key activities involved

- ⚙️ The RST has prepared draft of the law in respect of taxation of Ukraine government bonds
- ⚙️ The draft of the law was passed by the Parliament in September 2017



## Introduction of the distributed profit tax

### Impact

- 💡 Introduction of distributed profit tax instead of a corporate profit tax in order to stimulate investments
- 💡 Simplification of the tax administration and minimization of the possibility of unlawful claims by the tax authorities

### Key activities involved

- ⚙️ First MoF concept for the introduction of a distributed profit tax was prepared by the RST
- ⚙️ The RST participated and held more than 20 meetings of the Working Group on development of the draft law



## Implementation of BEPS

### Impact

- 💡 Implementation of BEPS (Base Erosion and Profit Shifting) implies a fight against aggressive tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax jurisdictions

### Key activities involved

- ⚙️ The RST has prepared a Multilateral Instrument Protocol approved by the CMU
- ⚙️ The RST has sent it for review to the OECD and the World Bank and discussed a draft of the law on implementation of other BEPS actions



### Implementation of PAR in SFS (changes in SFS structure)

#### Impact

- 💡 More efficient SFS structure: reduced costs and a decrease on the possibility for unreasonable pressure on business

#### Key activities involved

- ⚙️ The RST has helped to prepare an action plan for transfer of SFS employees from local to regional tax authorities
- ⚙️ The RST participated in development of a concept and action plan for SFS mid-term reform (tax and customs stream)



### Introduction of KPIs for SFS

#### Impact

- 💡 Implementation of control for efficiency of how tax authorities work

#### Key activities involved

- ⚙️ A list of relevant and measurable KPI's was prepared by the MoF with support from the RST



### Simplification of the tax returns and reporting procedures

#### Impact

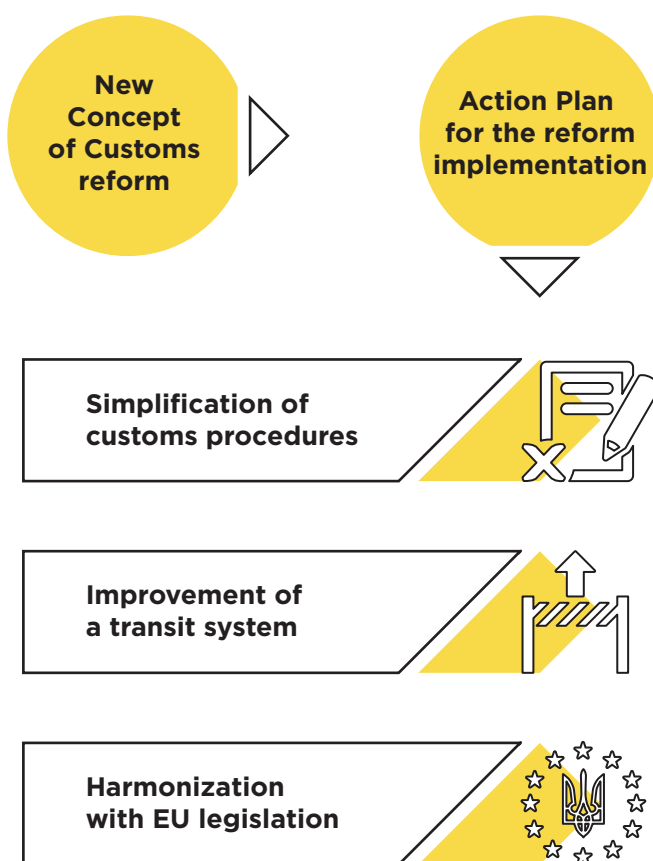
- 💡 Simplification of the tax system and reporting procedures will positively affect the country's business climate

#### Key activities involved

- ⚙️ The RST has prepared Terms of Reference and agreed on a scope of work for external advisor engagement



# Customs Reform







## Development of the Customs Reform concept

### Impact

- 💡 Implementation of the world best practices regarding customs processes will lead to anti-corruption and implementation facilitated procedures in customs clearance of goods, namely:
  - ➡ EU Customs Blueprints
  - ➡ WCO SAFE Framework of Standards
  - ➡ The WTO Trade Facilitation Agreement

### Key activities involved

- ⚙️ The RST has contributed to the Customs reform by analyzing the global best practices in customs procedures and by providing recommendations to the draft of the reform concept
- ⚙️ The Cabinet of Ministers approved the Concept of Customs reform on March 29, 2017





## Development of the Action Plan for the Customs Reform

### Impact

- 💡 The detailed Action Plan establishes a framework for further implementation of the Customs Reform
- 💡 New architecture for customs administration:
  - ➡ HR strategy (motivation and controlling measures, measures to enhance staff's professional skills)
  - ➡ efficiency of IT and infrastructure/equipment maintenance
  - ➡ cost efficiency by simplifying reliable transactions and focusing resources on risky transactions

### Key activities involved

- ⚙️ The RST participated in developing of the Action Plan for implementation of the Concept of Customs Reform
- ⚙️ The finalized draft of the Action Plan with defined tasks, stakeholders, and deadlines was developed and published on the MoF website
- ⚙️ The RST has developed an overall description, presentation materials, timelines and roadmap for the Customs reform based on the Action Plan



## Simplification of customs procedures







### Impact

- 💡 Simplified customs procedures will allow for minimization of costs, data and documentation requirements and the time needed to complete customs and other border formalities

### Key activities involved

- ⚙️ The RST participated in development of the draft law on changes to the Customs Code of Ukraine regarding the taxation specifics for import operations (transfer) of goods into the customs territory of Ukraine by individuals
- ⚙️ The RST participated in meetings and consultations on the issue of introduction of a "single window" at customs
- ⚙️ On November 22, 2017 the Cabinet of Ministers approved the introduction of mandatory exchange of information at customs on the principle of a "single window" from February 1, 2018



**Improvement of a transit system****Impact**

-  New transit procedures according to the Convention on a Common Transit Procedure and the New Computerised Transit System (NCTS)
-  Increased efficiency of controlling procedures for transited goods:
  -  advance submitted information with further its risk analysis before arrival of goods
  -  usage of the IT system
  -  guarantee system
  -  transit simplifications for reliable companies (authorised consignee, authorised consignor, comprehensive guarantee, etc)




**Key activities involved**

-  The RST leads the process of development of the draft law on implementation provisions of the Convention on a Common Transit Procedure
-  The RST supported the preparation of draft laws, comparative tables, explanatory notes for improving Ukrainian legislation, which regulates the temporary importation of vehicles into Ukraine or their transit through the country, within the requirements of European Union legislation and international treaties of Ukraine

**Harmonization of the Ukrainian legislation with the EU****Impact**

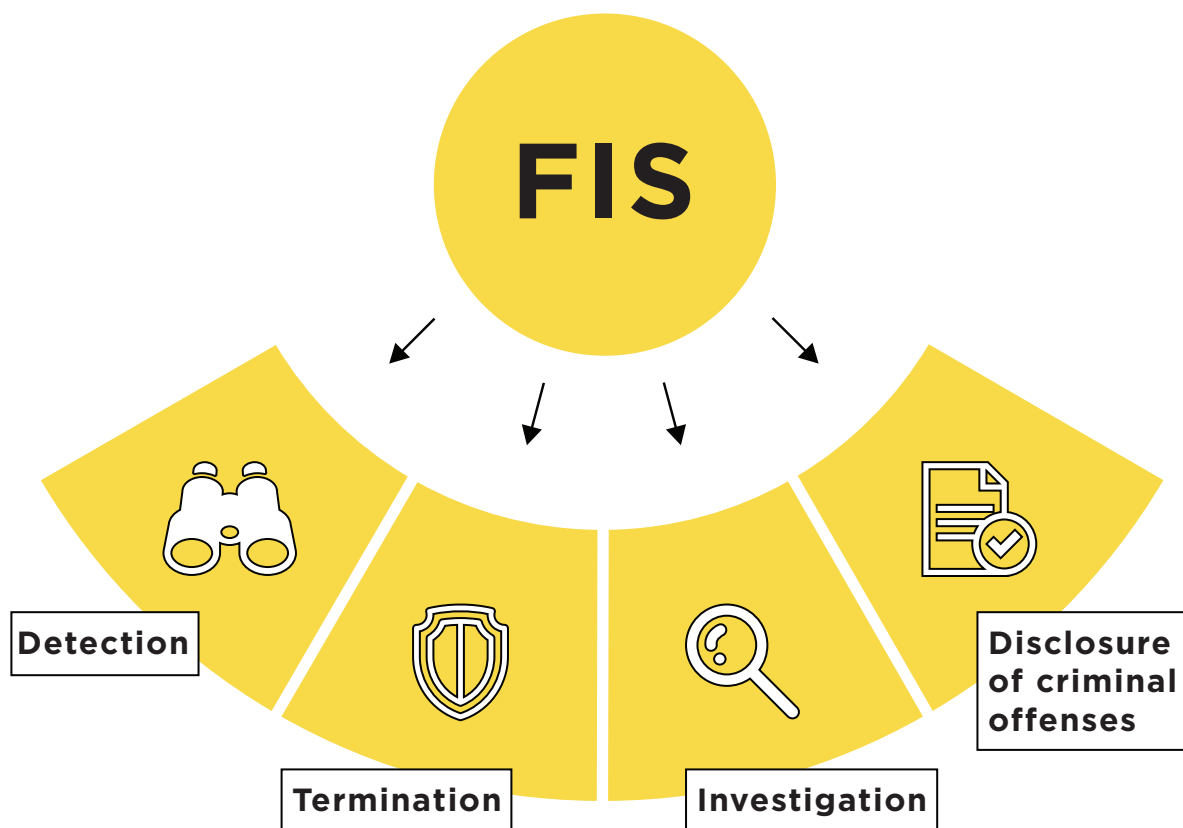
-  Harmonization of the Ukrainian legislation with EU and WCO guidelines
-  Implementation provisions of the EU Customs Code according to obligations based on the Association Agreement between Ukraine and the EU

**Key activities involved**

-  The RST supported the MoF in performing assessment of the scope of the EU legislation that needs to be harmonized
-  The RST contributed to development of the draft law on changes to the Customs Code regarding implementation of the Council Regulation (EC) No 1186/2009 setting-up a Community system of relief from customs duties
-  The draft law regarding Authorized Economic Operator has been developed with the help of the RST and submitted to the Parliament



# Financial Investigation Service





## Establishment of the Financial Investigation Service

### Impact

- 💡 Combating financial crimes via implementation of best investigation practices and analytical approaches
- 💡 Improvement of criminal and tax legislation by identifying the factors contributing to the commission of largescale economic crimes
- 💡 Once established, the Financial Investigation Service should remove the pressure on business and help to improve the business climate and decrease the level of the shadow economy in Ukraine

### Key activities involved

- ⚙️ The RST facilitated establishing of the Financial Investigation Service by participating in a preparation of the draft law. The draft law on the Financial Investigation Service was approved by the CMU
- ⚙️ The RST participated in meetings and consultations with non-governmental institutions and organizations on the key matters of the Financial Investigation Service establishment
- ⚙️ After the draft law on the Financial Investigation Service was approved by the CMU, the RST was involved in the process of public discussion of the draft law
- ⚙️ The RST provided legal advice concerning aspects of the Tax militia liquidation matters





# Public Finance Management

**New Public Finance  
Management  
Strategy  
2017-2020**



**Action Plan  
for the reform  
implementation**





## The CMU approved the PFM Strategy in February 2017 and the PFM Action Plan in May 2017

### Impact

- 💡 The approval of the PFM Strategy is the beginning of comprehensive public finance management reform in Ukraine. This reform is critical to secure a long-term economic growth and sustainable development of Ukraine and to maximize efficiency of limited public resources

### Key activities involved

- ⚙️ The RST helped the MoF to draft sections of the Action Plan for strategy implementation with regard to tax system development and performance monitoring indicators and coordinate it with key stakeholders
- ⚙️ The RST was involved in the analysis and preparation of materials for public presentation and discussions of the PFM Strategy



## Participation in budgeting process. Budget resolution

### Impact

- 💡 Core objectives of the introduction of budget resolution:
  - ➡️ Increase in the efficiency of budget expenditure
  - ➡️ Guidelines for the setting of line ministries strategic plans
  - ➡️ Parliament engagement at an early stage of budget planning
- 💡 Main elements of the medium-term budget-planning model are:
  - ➡️ General ceiling of expenditures for each year of the medium-term period
  - ➡️ Ceilings of expenditures for the key spending units, which are based on reform priorities of the government

### Key activities involved

- ⚙️ The RST participated in more than 30 consultations between the key spending units and the MoF regarding the Budget 2018 indicators and parameters and their compliance with the budget resolution 2018-2020
- ⚙️ Consultations covered among other the following PFM-related topics:
  - ➡️ Strategic planning
  - ➡️ Program budgeting
  - ➡️ Decentralization
  - ➡️ Sectoral reforms
- ⚙️ The RST was involved in the preparation of related analytics for MoF senior management





### Improved procedure for financial and fiscal impact assessment of draft laws

#### Impact

- 💡 Transparent procedure for preparation of draft laws, assessment of draft laws financial impact on state and local budgets, economic growth, employment, and other indicators
- 💡 Implementation of improved procedures which will increase the quality of the draft acts prepared, approved, or analyzed by the MoF

#### Key activities involved

- ⚙️ The RST helped the MoF analyse and identify the operational bottlenecks in preparation of financial assessment of proposed draft laws submitted to the MoF for approval and review
- ⚙️ The RST participated in consultations on possible amendments to the existing procedure with MoF departments, public bodies, NGOs and other external stakeholders



## Fiscal decentralization

### Impact

- 💡 Delegation of responsibilities regarding the education, healthcare and infrastructure funding to local levels matched with an increased resource base
- 💡 The MoF jointly with the National Academy of Medical Science and the Ministry of Healthcare are working on a pilot project regarding new approaches to healthcare services funding in particular, a fee for service approach in tertiary level of the healthcare system. It will lead to a more efficient state budget funds usage

### Key activities involved

- ⚙️ The RST is providing the MoF with a project management and analytical support related to the pilot project implementation. It is expected that the pilot project will run until the end of 2018. The results are to be scaled for a larger number of healthcare institutions starting from 2019 and for a longer run (after 2021) it is expected that the new funding approaches will cover the whole tertiary and secondary levels of the healthcare system in Ukraine
- ⚙️ The RST also provided analytic support related to the other aspects of the fiscal decentralization reform









## Pension Reform

### Impact

- 💡 Reduction of the Pension Fund deficit, update of pensions, and compliance with the IMF memorandum
- 💡 A draft law was developed, approved by the National Reforms Council and passed by the Parliament. The law includes update of pensions and parameters discussed with the IMF

### Key activities involved

- ⚙️ After the adoption of the new Pension Law, the RST has provided a full support in communicating the main reform points, provisions and parameters of the Pension Reform
- ⚙️ The RST coordinated the process of the secondary legislation development for the Pension Reform implementation
- ⚙️ The RST coordinated calculations of the Pension Fund revenues and social contributions for the negotiations process and reform support from the IMF



## PAR component in the Pension Reform: IT tool

### Impact

- 💡 Strengthening the internal capacity of the MoF, the Ministry of Social Policy and the Pension Fund through the development of a specialized IT tool to aggregate all available in Ukraine data on pensions, and to model various scenarios for changes to the pension system and the calculations of economic impact of such changes

### Key activities involved

- ⚙️ The RST team got approval for this project funding via the DFID and the project was launched. The team of experts and business analysts was hired to develop this type of tool
- ⚙️ The model development process is in an active phase and the RST is a key coordinator in project implementation and stakeholder management





## Verification of the social support

### Impact

- 💡 Reduction of fraud in social payments, and more efficient budget spending
- 💡 Strengthening the MoF's ability for high-quality verification of social assistance

### Key activities involved

- ⚙️ The RST has helped the MoF to develop a new concept of social payment verification, which was approved and agreed by the Ministry of Social Policy, the Pension Fund and other stakeholders in social benefit administration
- ⚙️ The RST participated in the development of an analytical platform that will make the verification process automatic and more transparent, help to reduce fraud cases in social payments



# State-owned Banks

## Strategic reform



Elaborate and sign into power updated Principles of State Banking Sector Strategic Reforms



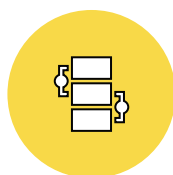
## NPL resolution in SOBs

Design the recommendations for SOBs how to resolve NPLs and draft of amendments to the legislation



## Effective cooperation

Create and implement monitoring system to control SOB's performance



## Corporate governance reform

Change the Corporate Governance model in SOBs



## Privatization of SOBs

Support of privatization process on strategic and operational levels





## Strategy of State-owned Banks (SOBs)

### Impact

- Implementation of a commercial based strategy of the SOB will result in a decrease in risks for the state, improving the SOB's financial standing, raising SOB investment attractiveness, and creating opportunities for SOB privatization in the future

### Key activities involved

- The RST was involved in an analytical examination related to international experience in state ownership policy in the banking sector
- The RST was involved in the development and preparation of a new reporting within the framework of obligations to IFIs and performed an analysis of input data provided by SOB





## Design of amendments to the “Principles of State Banking Sector Strategic Reforms”

### Impact

- On September 27, 2017 the CMU approved the draft law of Ukraine “On Amendments to Certain Legislative Acts of Ukraine regarding the Peculiarities of Corporate governance of State Banks” to ensure establishing Independent Supervisory Boards in the banks with state substantial shareholding. It is a key to further reforms of the SOB and allows attracting IFIs as co-investors

### Key activities involved

- The RST helped the MoF to develop draft amendments to the Article 7 of the law “On Banks and Banking”
- The RST provided ‘as is’ and ‘to be’ model presentations
- The RST participated in a working group of the relevant parliament committee on the draft law, which is to change the principles of Supervisory Boards election and operation in the SOB, and provided the MoF with an assessment on the draft law regarding specific requirements to Supervisor Board members



## Establishment of the Public Asset Resolution Company (PARC)

### Impact

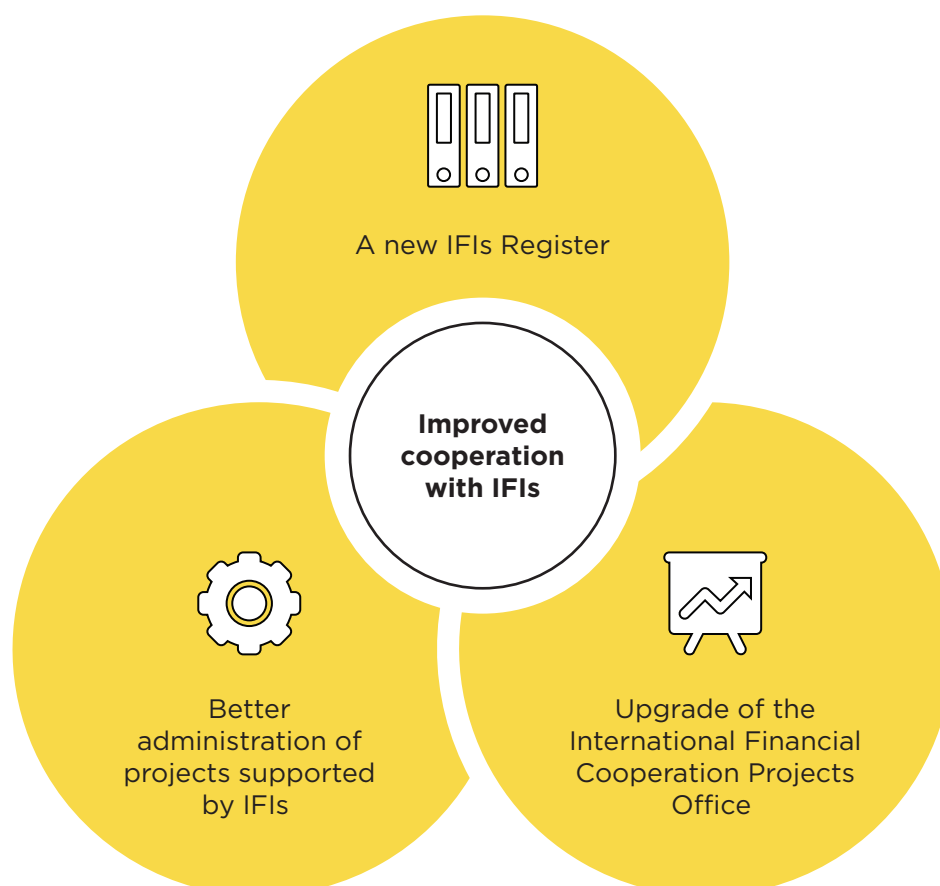
- PARC will help to deprive the banking system of bad debts (NPL portfolio), thus bringing back liquidity to banks and decreasing pressure on bank equity. This will bring the opportunity for banks to issue new loans which will drive economic recovery, stimulate economic growth and domestic demand
- PARC is expected to recover up to 20-25% of NPLs

### Key activities involved

- The RST has analyzed best practices in establishment of the PARC, and coordinated the development of a reform concept with the MoF, the NBU, the Parliament committee and international experts
- The RST participated in working groups on developing of the draft law on the PARC’s establishment and conducted a series of working meetings between Swedish consultants, NBU, JICA and WB to discuss further PARC implementation



# Cooperation with International Financial Institutions







## Reform of the International Financial Cooperation Projects Office (AIFCP)

### Impact

- 💡 The goal is to expand the scope of the International Financial Cooperation Projects Office in order to decrease the MoF's workload
- 💡 PAR component: ensuring synergy in obtaining and updating of different MoF unit functions

### Key activities involved

- ⚙️ The RST helped to analyze and prepare a list of functions that potentially could be transferred from the MoF to the AIFCP Office
- ⚙️ The RST supported the AIFCP in new projects (SME-Investment program in cooperation with the KSCA; energy efficiency in cities; EU Support to the eastern part of Ukraine)





## The Cabinet of Ministers Resolution #70 dd 2016

### Impact

- 💡 Design, review and approval of the new process of preparation is planned, along with implementation and monitoring of the projects supported by IFIs within the MoF. It will bring better service for IFIs and improved process transparency
- 💡 The law “On State Aid” influenced the preparation process of projects supported by IFIs and their expertise by the Antimonopoly Committee

### Key activities involved

- ⚙️ The RST conducted data collection and analysis of the Cabinet of Ministers Resolution, and other supportive documents
- ⚙️ The RST prepared a review of the existing process of preparation, implementation and monitoring of the projects supported by IFIs within the MoF



## Improvement and intensification of the cooperation between the MoF and IFIs

### Impact

- 💡 The key goal is to change from the current supply driven approach to a demand-driven one in cooperation with IFIs
- 💡 Respective ministries and loan beneficiaries should be more proactive in identifying their financial needs and utilization within current limits. This requires regular review of projects/ limits utilization within the MoF

### Key activities involved

- ⚙️ The RST upgraded an IT-tool for monitoring IMF task fulfillment by responsible ministries/officials in the MoF
- ⚙️ The RST participated in meetings and provided analytical support to the MoF during working discussions with IFC and World Bank



## Launching of a new project “IFIs Register”

### Impact

- 💡 This project allows for the development of a transparent and open web-based register containing information on all IFIs loans. Therefore, government as well as society will have better understanding and control of all loans Ukraine has from IFIs
- 💡 The IFI register will help to establish common rules and possibilities for standardization for the borrowers' assessment processes and procedures (including creating of unified forms of assessment and use of IT-tools)

### Key activities involved

- ⚙️ The RST has conducted analysis of available information, processes, instructions and other internal manuals, and drafted all necessary documents for the establishment of the IFI register
- ⚙️ The RST helped to prepare a scope of work and other project related documents





**The RST MoF stay in touch with all stakeholders regarding reforms implementation.**

**Reform Council Meetings where MoF invites representatives of International Donors and Embassies are gathered on the regular basis. Meeting participants discuss key MoF reforms and RST deliverables.**

**Last Reform Council in May 2017 was held by Deputy Minister of Finance Yurii Butsa and RST MoF Director Nataliya Slysh.**



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