



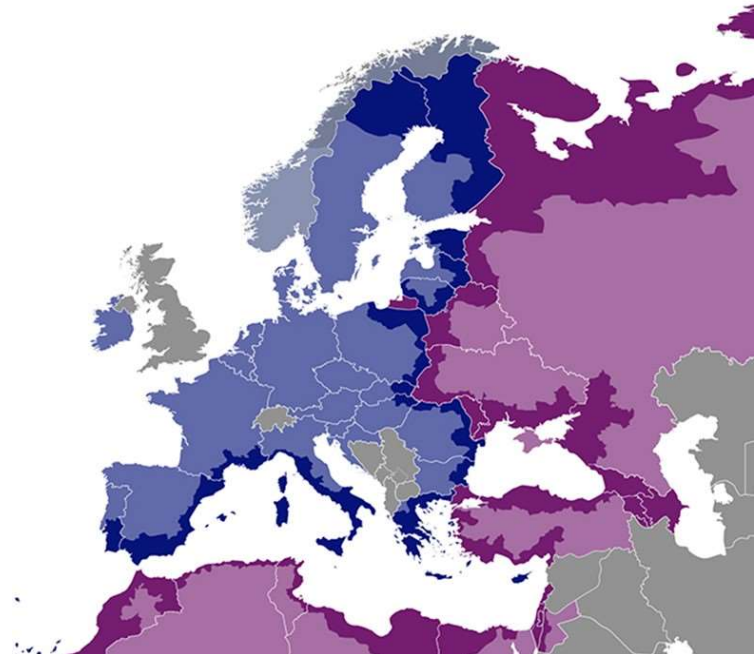
TESIM

Technical support to the implementation
and management of ENI CBC programmes

Ukrainian Treasury Service operation during martial law

Summary of Order No 590 dated 9 June 2021
about the exercise of powers by the State Treasury Service
in a special regime under martial law (with amendments)

May 2022



1. Background

Ukraine has been operating in a state of military conflict with Russia since 2014. For this reason, from 2014 to 2022, Ukraine developed and adopted legal and regulatory acts to ensure the stable functioning of the economy under martial law. The aim of this document is to provide information to the programme authorities on the scope of the rules on payment priorities and how they affect the Ukrainian public project beneficiaries.

On 24 February 2022, martial law was applied in Ukraine due to Russia's military aggression. In this respect, payments that are made by organizations that are funded by the state or local budgets (public beneficiaries in the terminology of ENI CBC) are regulated by an Order on the exercise of powers by the State Treasury Service in a special regime under martial law No 590 dated 9 June 2021 (hereinafter Order No. 590). **Order No. 590 does not stop payments by public beneficiaries, but only establishes their priority.** The payments can be stopped only on the territory which is temporarily not under the control of Ukraine (§ 17 of the Order No. 590).

2. Treasury system during martial law

Order No. 590 determines the mechanism of execution of payments in a special mode by the Treasury authorities under martial law, including payment procedures using documents submitted in hard copy, in case of restricted access to the electronic payment system of the National Bank.

According to paragraph 19 of Order 590, the Treasury authorities make payments on behalf of public bodies, considering the resource availability of the single treasury account, in **three orders of priority**. The table below contains, for each order, examples of payments which might be relevant for ENI CBC beneficiaries.

Priority	Main types of payments relevant to ENI CBC projects
First	Payments from the general budget fund, namely payments of salaries, social contributions related to salary payments, utilities, <u>payments for goods, works and services purchased during the implementation of projects and assistance programmes supported by the European Union.</u>
Second	Payments from the special budget fund, namely payments of salaries, social contributions related to salary payments, utilities, technical support, etc. These payments might relate to co-financing contribution.
Third	Other payments.

KEY MESSAGES

1. The payments by ENI CBC beneficiaries are in the first group of payment priorities of the Ukrainian Treasury Service, even if the *“implementation of projects supported by the EU”* is the last item in that group (i.e., the last priority).
2. This means that, despite the martial law, there is no legal impediment preventing the Ukrainian public beneficiaries to comply with their payment commitments.
3. Payments can be stopped only on the territories of Ukraine which are temporarily not controlled by the Ukrainian government.