



TECHNICAL ASSISTANCE REPORT

UKRAINE

Customs' National Revenue Strategy
Implementation and Key Corporate Functions

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Authoring Department

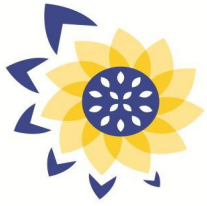
Fiscal Affairs Department

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Abbreviations and Acronyms

ACCS	Automated Customs Clearance System
AEO	Authorized Economic Operator
AI	Artificial Intelligence
CD	Capacity Development
COZO	Committee of Sponsoring Organizations of the Treadway Commission
DG TAXUD	(European Commission) Directorate-General for Taxation and Customs Union
EU	European Union
EU4PFM	EU Public Finance Management Support Programme for Ukraine
FAD	Fiscal Affairs Department
HQ	Headquarters
HRM	Human Resource Management
IAD	Internal Audit Department
ICD	Internal Control Department
IMF	International Monetary Fund
IT	Information Technology
KPI	Key Performance Indicator
MASP-C	(EU) Multi-Annual Strategic Plan for electronic Customs
MOF	Ministry of Finance
MTAPCR	(Cabinet of Ministers) Medium-Term Action Plan for Customs Reform
NCTS	New Computerized Transit System
NRS	National Revenue Strategy 2024-2030
RP30	(SCS) Reform Plan 2024-2030
SC	(SCS) NRS Steering Committee
SCS	State Customs Service
UCC	(EU) Common Customs Code
UCDF	Ukraine Capacity Development Fund
VAT	Value Added Tax
WCO	World Customs Organization

Preface

An IMF Fiscal Affairs Department (FAD) mission was held in Vienna, Austria, from November 3 to 14, 2025, to support the Ukrainian Ministry of Finance (MOF) and the State Customs Service (SCS) in implementing Ukraine’s National Revenue Strategy (NRS). The mission focused on reviewing the implementation of the customs components of the NRS, including progress on measures recommended during previous FAD missions. At the authorities’ request, the team also provided advice on change management, stakeholder engagement and communications, human resource management (HRM) strategy, rotation policy, and internal audit. In addition, the mission discussed next steps for the SCS reform plan and FAD’s capacity development (CD) support for customs administration.

The mission was led by Tadatsugu Matsudaira (FAD) and included Urmas Koidu, Barbara Hebert, and Artan Bozo (FAD experts). They held productive discussions with a Ukrainian delegation led by Serhii Zviahintsev, Acting Head of SCS, and Oleksandr Moskalenko, Director of Customs Policy Department, MOF. Other key participants from SCS were Vladyslav Suvorov, Deputy Head; Anatolii Tyshchenko, Director of HR Department; and Liubov Korchynska, Director of Internal Audit Department.

The team also met virtually with representatives from the EU Public Finance Management Support Programme for Ukraine (EU4PFM)—Vytenis Ališauskas and Dragan Jeremic—and from the European Commission Directorate-General for Taxation and Customs Union (DG TAXUD), Kastytis Skelenska. It also communicated with the chairman of Selection Commission for Head of SCS, Dr. Kunio Mikuriya.

This report summarizes the mission’s observations and recommendations; the slides presented to the delegation during the mission and detailed work are provided in the annexes.

Executive Summary

Implementation of NRS and previous FAD recommendations

The State Customs Service (SCS) and the Ministry of Finance (MOF) remain firmly committed to implementing the National Revenue Strategy 2024–2030 (NRS). In 2025, the SCS Reform Plan (RP30) achieved firm progress, with 40 percent of 152 actions completed. The RP30 was updated in October 2025 to incorporate the Cabinet of Ministers' adopted Medium-Term Action Plan for Customs Reform (MTAPCR), ensuring the plan remains comprehensive and accommodates follow-on actions based on the achievements. The mission provided advice to accelerate NRS actions, including the revision of the Criminal Code and Code of Criminal Procedure.

The mission welcomes good progress against previous FAD recommendations to support NRS implementation. Building on these improvements, the mission reviewed the strategic Key Performance Indicator (KPI) for customs clearance time and advised expanding its scope. The current indicator is limited and should be broadened to include all customs channels and use system-based monitoring for greater accuracy and international alignment. For the actions which are not completed, this mission provided technical assistance to accelerate and implement the reforms.

Change management, stakeholder engagement and communications

SCS developed a Concept of Change Management to build support for the reforms, and advice was provided for its implementation. Implementation has begun at Headquarters, with plans to expand to regional territorial bodies and cascade KPIs throughout the organization. The SCS is aware that it will be required to explain the need for some of the reform initiatives to both external and internal audiences. The primary tool to engage staff is their immediate manager, and the SCS is advised to equip managers to communicate and support the reform agenda effectively.

SCS has drafted a Communications Strategy with an aim to finalize it by the end of 2025, and advice was provided. The mission found this to be a solid foundation for more detailed tactical communication plans. It also provided advice on stakeholder engagement, including expanding the Help Desk and streamlining legislative consultations. An important principle of engaging with stakeholders is to segment the organization's target audiences according to their interest and influence. The SCS is encouraged to tailor communications and engagement accordingly, with a focus on preparing for challenging questions and consistent messaging.

Human resource management (HRM)

SCS has developed a solid HRM Strategy which will be refined as progress unfolds, and advice was provided to strengthen the contents. The SCS has a large, decentralized, and experienced workforce. Key HRM challenges include enhancing communications, building alliances, and supporting staff in a stressful environment. Competency-based HRM has been implemented, and the SCS transitioned to three-year term contracts, providing flexibility and supporting anti-corruption efforts.

Staff rotation policy

As tasked by the NRS, the MOF and the SCS developed a staff rotation policy that lacks permanent rotation, and advice was provided to address this situation. The current policy is for temporary secondment up to three months and not exceeding a total of six months annually. The mission recommended expanding the scope or developing a new policy for permanent rotation, through developing a comprehensive, risk-based National Rotation Plan, supported by IT solutions and clear protocols.

Internal audit and internal control

The mission reviewed the SCS' internal audit and internal control processes and found that they function in a proper manner. The Internal Audit Department operates independently, follows international standards, and has implemented risk-based planning and continuous improvement measures. Further regrouping of competencies and improving IT solutions would enhance the internal control framework.

Way forward

The mission and the SCS discussed future events/actions. Key next steps include advancing the new Customs Code and the Communications Strategy, supporting the rotation policy, preparing for legislative and IT reforms aligned with European Union (EU) standards, and the appointment of a new Head of SCS. The focus of future FAD capacity development (CD) will remain on corporate functions and compliance management, with adjustments as needed based on a planned scoping mission. The key recommendations are summarized below.

Recommendations

Timeframe: Immediately - 3 months; Short-term – 6 months; Medium-term -15 months.

NRS implementation and follow-up of previous FAD recommendations		
2.1	Engage the Ministry of Justice for the introduction of law enforcement status in the SCS and jointly develop the road map.	Short-term
2.2	Modify the Customs Clearance Time KPI according to good international practice to include the shipments selected for documentary check and physical examinations.	Medium-term
Change management, stakeholder engagement and communications		
3.1.1	Expand the Change Management Concept to the regional territorial bodies.	Immediate
3.1.2	Indicate a particular unit to coordinate the planning, monitoring, and reporting on the reform agenda.	Short-term
3.1.3	Ensure managers are trained and are able to support the reform agenda.	Medium-term
3.2.1	Finalize the strategic documents considering FAD advice.	Immediate
3.2.2	Ensure tactical communication plans are prepared.	Immediate
3.2.3	Ensure qualitative KPIs for the Help Desk are implemented.	Medium-term
3.2.4	Explore avenues to facilitate receiving feedback on legislative changes prior to the Parliamentary sub-committee process.	Medium-term
HRM Strategy		
4.1	Proceed with a competency gap analysis in 2026 using the refined competencies.	Medium-term
Staff Rotation Policy		
5.1	Draft the rotation policy according to internationally recognizable standards, which include anti-corruption objectives and risk classification of customs positions.	Short-term
5.2	Prepare a rotation plan based on the above, using the three-year contracts already in place.	Short-term
5.3	Implement the rotation plan based on funding availability.	Medium-term
Internal audit, internal control		
6.1	Develop the competencies for internal auditors and regularly update internal audit manuals and procedures in compliance with MOF instructions, international standards and good practice, including KPIs revision.	Medium-term

I. Introduction

1. Despite the challenges posed by the war, Ukraine’s imports have grown steadily since 2023, and customs revenue has increased in tandem. Although the pace of import growth has moderated, data for January–September 2025 show that imports consistently exceeded those of the same period a year earlier—imports grew by 19.8 percent and customs revenue by 18.5 percent (see Table 1). Authorities attribute the rise in customs revenue primarily to higher imports, including excisable products (automobiles), and increased excise rates for fuels. Additional factors include exchange rate depreciation and inflation-driven price increases for foreign goods, improved customs enforcement and anti-smuggling measures, and greater efficiency in collecting Value-added tax (VAT) and excises on imports. Among the customs revenue, the largest component remains VAT on imports (76.2 percent), followed by excises on imports (15.8 percent), and tariffs (7.7 percent).

Table 1. Year-to-year growth of imports and customs revenue (percent)

	2022	2023	2024	2025 (January-September)
Taxable imports	-38.5	54.3	28.8	19.8
Customs revenue	-38.0	52.8	28.7	18.5
VAT on imports	-33.5	44.7	27.3	14.0
Excise on imports	-67.4	147.2	67.8	51.1
Tariffs	-36.7	70.0	20.1	10.8

(Source: Calculated by staff based on the State Customs Service data in local currency)

2. SCS and the MOF remain firmly committed to strengthening revenue performance and compliance management through the implementation of the National Revenue Strategy 2024-2030 (NRS). In the current wartime context, their foremost priority is to ensure uninterrupted customs operations and secure revenue collection. Beyond this, the authorities aim to advance customs reform and modernization, focusing on two strategic objectives¹: alignment with EU legislation and standards, and the development of a robust HRM framework. Improved HRM is critical to engage with staff, recruit qualified people, improve performance and working conditions, and enhance customs’ image and reputation, which will contribute to long-term success. These efforts are supported by international partners, with EU4PFM assisting in EU-aligned legislative reform and IT development and the IMF providing technical advice on HRM and institutional capacity building.

¹ The authorities also express two thematic areas: (iii) Enhanced cooperation with customs administration of neighboring countries for receiving consent for automated exchange of customs (logistic) information. (iv) IT development that is interoperable with EU IT systems.

II. National Revenue Strategy 2024-2030 Implementation and Follow-Up of Previous FAD Recommendations

A. National Revenue Strategy 2024-2030 Implementation

3. The implementation of the NRS through the SCS Reform Plan 2024-2030 (RP30) has made firm progress in 2025 with 40 percent of 152 actions completed (see Table 2). Good progress was observed in the areas of HRM, anti-corruption measures and stakeholder engagement. For example, SCS established mechanisms to encourage whistleblowers and foster a culture of reporting misconduct.² An updated methodology for the detection and analysis of corruption-related offences has been developed,³ and amendments were made to the code of ethics.⁴ Additionally, alignment with EU legal and regulatory framework progressed well.⁵ Five percent of RP30 actions were planned but not yet started. They included those waiting for budget arrangements (e.g., software development), and appointment of a new Head of SCS, the target of which has slipped from December 2025 to March 2026.⁶ The implementation monitoring includes monthly reporting within the SCS, quarterly reporting to the MOF, and semi-annual meetings of the SCS NRS Steering Committee (SC).

Table 2. NRS implementation in the SCS

(percent of 152 detailed actions listed in RP30 before October 24, 2025, revision)

	2024	April 1, 2025	July 1, 2025	October 1, 2025	December 31, 2025 (Projection)
Completed	27	29	31	32	40
In progress	56	66	64	63	55
Planned but not yet due to start	17	5	5	5	5

(Source. Ministry of Finance)

4. On October 24, 2025, the revised RP30 was approved to reflect the Cabinet of Ministers adopted Medium-Term Action Plan for Customs Reform (MTAPCR)⁷, and based upon the achievements made by the SCS. The update included adding 127 new actions in accordance with the MTAPCR and adding follow-on actions based upon the achievements. The updated RP30 is more comprehensive, reflecting international recommendations, and emphasizes measurable outcomes, risk

² Order No. 462 of the SCS dated May 22, 2025

³ Order No. 555 of the SCS dated June 20, 2025

⁴ Order No 269 of the SCS dated 21.03.2025 No. 269

⁵ European Commission commended for Ukrainian authorities efforts in its publication (https://enlargement.ec.europa.eu/ukraine-report-2025_en, November 4, 2025), notably, the development of a draft Customs Code harmonized with the Union Customs Code, the adoption of a Medium-Term Action Plan, the continuation of the digitalization of customs procedures, and the development of a competency-based staff management system.

⁶ The selection commission was formed with a few month delay and is functioning: expression Interest was published on November 9, 2025. The revision of target is due to late start of the process as the selection commission needs months to fulfil its due process.

⁷ Formal title is Resolution No. 835-r "On Approval of the Medium-Term Action Plan to Achieve the Goals of Reforming Customs Authorities within the Framework of the Implementation of the National Revenue Strategy until 2030".

management, and EU alignment—marking a significant evolution from the original, which focused mainly on foundational reforms and compliance. While the MTAPCR specifies indicative budget envelopes for each action, it does not provide detailed costing, and timely implementation of the planned reforms will therefore depend critically on securing adequate budget allocations.

5. Revising the Criminal Code and Code of Criminal Procedure (NRS 5.3.3) is complex and requires engagement with the Ministry of Justice. Criminal liability for smuggling and large-scale fraud was reinstated in 2024. Further introducing investigative powers for the SCS will strengthen deterrence, align with EU countries’ practice, reduce corruption, and protect state revenues—critical for integration and post-war recovery. The SCS continues to build capacity to meet high professional and ethical standards, creating a strong foundation for enhanced law enforcement powers. Currently, the government is preparing a national strategy on integrated border management for the SCS and pertinent ministries and agencies, which may provide opportunities for the authorities to accelerate implementation of NRS 5.3.3.

B. Progress of Implementation of Previous FAD Recommendations

6. The mission welcomes good progress in the implementation of measures recommended by the previous FAD mission⁸ (see Table 3). While this report does not cover IT development in detail, it is noted that SCS IT initiatives are aligned with both the MOF’s Digital Transformation Plan (DTP) and the EU accession process (MASP-C). EU4PFM informed the mission that the current customs core system, Automated Customs Clearance System (ACCS), is set to be replaced by a new IT system compliant with EU regulations.

Table 3. Progress of implementation of previous FAD recommendations

Reference number	Recommendation	Status
2.1	Develop a set of high-level and outcome-oriented KPIs to track the implementation of the NRS as well as to undertake revenue trend analyses.	Largely achieved. Nine strategic KPIs in eight areas were identified and approved by the SC in October 2025. (For clearance time, see Paragraph 7 for discussion)
2.2	Consider carefully all key aspects of a formal rotation policy of the SCS officials and develop a multifunctional mechanism of support, including funding, and flexibility to meet the SCS’s needs in this area going forth.	Partially achieved. A rotation policy was developed, which addresses temporary rotation for supporting urgent HR needs. Permanent rotation policy could be incorporated into the current three-year contract HR mechanism. (see Chapter V for detail)
2.3	Rationalize the Authorized Economic Operator (AEO) program in terms of participation, requirements and conformity assessment.	Largely achieved. Total 105 companies have received the AEO status, compared to 77 companies in 2024.

⁸ Matsudaira et al (2025). “Ukraine - National Revenue Strategy Implementation in Customs Administration”. IMF FAD Technical Assistance Report (April 2025).

3.1	Develop and implement an internal and external engagement strategy to address the anticipated resistance to the reform agenda.	Largely achieved. The SCS' policy document "Concept of Change Management" was adopted by the SC in October 2025. Additionally, stakeholder engagement and communications policies are being drafted by the SCS. This mission reviewed these documents. (see Chapter III A and B for detail)
3.2	Update the Communications Strategy to develop and implement comprehensive approaches for targeted audiences with tailored messaging.	Largely achieved. The SCS drafted a tailored communications strategy, and this mission reviewed it. (see Chapter III B for detail)
3.3	Identify, in the Communications Strategy, which activities lend themselves to communication and information approaches, and which ones would benefit from consultation and feedback.	Partially achieved. Advice was provided by this mission on the preparation of detailed communication plans. (see Chapter III B for detail)
4.1	Ensure operational procedures are established to deal with high-risk cargo identified through advance cargo information.	Largely achieved. Advance cargo reporting is in use. Improvements are to be made through alignments with EU regulatory framework and standards.

(Source: the mission)

7. Building on these improvements, the mission reviewed the strategic KPI for customs clearance time and advised on expanding its scope. The current indicator measures only goods selected for the Green channel (no control). To align with international best practice and address the interest of traders, it is recommended to include goods in the Yellow (documentary checks) and Red (physical inspections) channels. Clearance delays often result from factors beyond customs performance, such as actions by traders, logistics operators, and other agencies. Nevertheless, such non-customs delays could be mitigated through customs policy and interagency coordination⁹. Additionally, for monitoring, the use of the system's time-stamping function is recommended, rather than labor-intensive manual studies.

Recommendations

Short-term

- Engage the Ministry of Justice for the introduction of law enforcement status in the SCS and jointly develop the road map.

Medium-term

- Modify the Customs Clearance Time KPI according to good international practice to include the shipments selected for documentary check and physical examinations.

⁹ For example, sharing anticipated timeframes for payment, submission of requested supporting documents, presentation of goods for inspection, removal of cargo from temporary storage following customs release, etc.

III. Change Management, Stakeholder Engagement and Communications

A. Change Management

8. Following the advice from FAD,¹⁰ the SCS developed a “Concept of Change Management” (the Concept) to build support and endorsement for SCS’ reforms. The Concept was approved by the SC on October 22, 2025. This mission reviewed the Concept and considered that it is a good foundation on which to build further (see FAD slides presented during the mission in Annex 1). The Concept articulates that work will be undertaken at both the strategic and operational levels with a unified approach to integrate these principles into planning and performance monitoring processes. The Concept implementation has already begun in Headquarters (HQ); next steps include engaging the regional territorial bodies.

9. Effective implementation of the Concept is underpinned by strong leadership commitment, with reform oversight provided by an SC composed of senior management. The SCS recognizes that it needs to have an institutionalized process. The mission encouraged the SCS to have a small, dedicated unit to coordinate the planning, monitoring, and reporting on reform activity. The SCS intends to cascade KPIs from the Head of the organization through the hierarchy to the front-line officer. In this way, every staff member will be able to understand how they contribute to the overall strategic direction.

10. The SCS is aware that it will be required to explain the need for some of the reform initiatives to both external and internal audiences. Change management with external audience is discussed in the subsequent Section B in this Chapter. Internal audiences are SCS staff, who may be cautious or anxious about some fundamental changes and serious efforts will be necessary to engage with them. The SCS wants to motivate staff and is considering ways to be most effective.

11. Immediate managers are the primary conduit for staff engagement; however, not all managers are equally well equipped to communicate effectively, handle difficult conversations, or manage potential conflicts. The SCS is committed to ensuring that these managers stay in close contact with their team members to provide accurate information and to answer questions. This will contribute to securing a single voice and reducing and managing ruthless speculation that undermines support for the reform agenda. To strengthen this role, SCS should ensure that managers are trained and provided with appropriate support tools (e.g., HR contacts, briefing materials, etc.) to effectively play their role in the implementation of the reform agenda. They will also interact directly with local traders.

12. Although SCS has experienced significant change over the past decade, managing reforms remains complex and often contentious. Initial steps can provoke strong reactions, including resistance and even hostility toward managers. These experiences underscore the need for proactive risk management and robust communication strategies. SCS should incorporate lessons learned into future planning—such as early engagement, conflict resolution training, and clear escalation protocols—to

¹⁰ See Chapter III of Matsudaira et al (2025). “Ukraine - National Revenue Strategy Implementation in Customs Administration”. IMF FAD Technical Assistance Report (April 2025).

mitigate risks and maintain momentum. Despite these challenges, leadership and managers remain committed to advancing reforms.

Recommendations

Immediate

- Expand the Concept of Change Management to the regional territorial bodies.

Short-term

- Indicate a particular unit to coordinate the planning, monitoring, and reporting on the reform agenda.

Medium-term

- Ensure managers are trained and are able to support the reform agenda.

B. Stakeholder Engagement and Communications

13. SCS has drafted a Communications Strategy¹¹ and intends to have it approved by the end of 2025. The mission reviewed the document and found it to be a good basis on which to guide the preparation of more detailed and specific communication plans which are needed for individual events or announcements. The mission, presenting slides on this topic (see Annex 2), provided advice on this strategy and a companion SCS' Stakeholder Engagement Policy and Communications Policy. (see these documents with FAD comments in Annex 3 and Annex 4)

14. SCS engages with external stakeholders in multiple forums and uses all available technical means. SCS feels a responsibility to interact with and provide services to the trading community so as to contribute towards their development and survival. Two specific initiatives on which FAD has offered advice are the presence of a Help Desk to answer queries and the use of working groups to engage stakeholders to comment on draft legislation.

15. The Help Desk has been created but currently services New Computerized Transit System (NCTS) queries only, scope of which is being expanded. The scope will continue to grow with the eventual goal of serving all external and internal stakeholders on all customs topics. SCS is preparing to expand the Help Desk in 2026 in consultation with businesses on what their interests may be. It will continue to expand subject to available funding. The use of Help Desks is an international good practice,¹² and SCS is encouraged to expand its coverage as it is able to do so. Quantitative KPIs are in place for the Help Desk, but qualitative measures to assess accuracy are important and should be included in performance monitoring.

16. The working groups to solicit comments on draft legislation through the parliamentary committee process can be very time-consuming, and the mission provided advice for more efficient engagement. In a recent example, approximately 80 sessions over a six-month period were held for one piece of draft legislation, which consumes resources of the MOF and the SCS. One option is to solicit feedback on draft legislation from key stakeholder groups (e.g., Chamber of Commerce, traders'

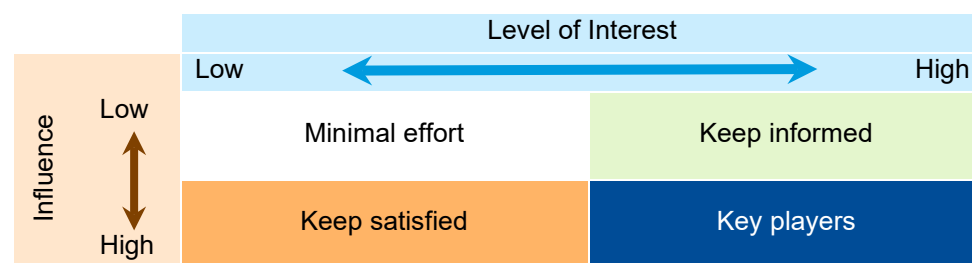
¹¹ Formal title is 'Communications Strategy Update to Develop and Implement Integrated Approaches to Target Audiences, Taking Into Account Their Needs'.

¹² For example, see WTO TFA Article 1 Section 3 Enquiry Points.

associations) before the draft bill enters the parliamentary process. A second option is to post online the draft legislation (perhaps through a website dedicated to public consultation) and specify a timeframe (e.g., 30 or 45 days) by which input should be received. The working groups could then be organized according to specific interests. Both options should lessen the burden on the parliamentary process and allow for earlier consideration of comments.

17. An important principle of engaging with stakeholders is to segment the organization’s target audiences according to their interest and influence. This is done to tailor the appropriate communications, and consultation plans to optimize impact and resource utilization. The SCS understands this principle and was encouraged to segment its stakeholders, as shown in Figure 1.

Figure.1. Model for stakeholder mapping



(Source. Based on WCO Strategic Planning Guide)

18. SCS was advised to identify their key players using this mapping tool. These may include staff, frequent traders, MOF, other government agencies, and customs administrations of neighboring countries. Communication with staff will continue to be emphasized as not all have embraced the plan for the organization’s future. All layers of management will be active communicators and advocates. Frequent traders are the core users of customs processes and in particular AEOs will have an increasing amount of the trade volume. There is full engagement with MOF as one of the key allies of the SCS in pursuing approval and support for its reforms. Other government agencies such as partners at the border and the Ministry of Justice are important as integrated border management and enhanced law enforcement functions evolve. Neighboring customs administrations can be key contributors by sharing information and working jointly on border controls at their respective locations.

19. The mission advised to take an approach of tactical communications, advocating preparations for difficult questions. SCS will continue to host many outreach events for a variety of audiences, and preparation is critical. Whether with external or internal audiences, it is important for the spokespersons to be competent and confident in delivering SCS’ messages on its priorities. Diversion from a single voice and inaccurate information dissemination are high reputational risks. Preparation for difficult questions is key to mitigating such risks. Box 1 offers advice on how to develop specific tactical communications plans for an event or announcement, and Box 2 lists samples of difficult questions.

Box 1. Considerations for Tactical Communications – Key considerations

- Prepare the facts and anticipate questions.
- Plan the key messages; be consistent and concise.
- Tailor the content to what is of interest to the audience.
- De-clutter the environment – i.e., take away some of the noise.
- Select the appropriate spokespersons to deliver the messages.
- Determine timing and sequencing (possible tiered approach after HQ announcement to involve local levels close to clients).
- Anticipate reactions and emotional responses.
- Reinforce messages with actions.
- Strive for a “no surprise” environment.
- Establish clear expectations on the purpose of engagement, have honest discussions, and commit to provide feedback.
- Communicate often (e.g., quarterly meetings with trader associations at territorial body level; determine appropriate frequency for HQ – less frequent?) and keep promises to do so.
- Assign dedicated responsibility for engagement with key stakeholders (e.g., AEOs, customs brokers, parliamentarians).
- Use a plethora of media and a combination of in-person, regular and ad hoc meetings. If possible, utilize various levels of management.
- Prepare summaries of status and progress for distribution and for the website (e.g., key achievements and challenges; maybe high-level resourcing information?).

(Source: this mission)

Box 2. Considerations for Tactical Communications – Examples of difficult questions

- Why do we have to do this?
- How will this help me?
- Will this cost my business more to operate?
- Will I lose my job?
- Why is SCS taking the lead on this? Can't we wait until other parts of society do this?
- What if I don't have the skills or tools to do this? Will you help me?
- Will I have to relocate?
- Will my business interactions with SCS change?

(Source: this mission)

20. Every function or activity needs to be able to assess its efforts through KPIs, and communication is no different. The SCS will want to assess the effectiveness of its communications activities and determine how resources may be used to achieve the most impact. Box 3 below outlines some possible KPIs for the communications function.

Box 3. Examples of Communications KPIs

Internal audience:

- Staff engagement rate
- Number of users of internal communication tools
- Satisfaction with internal communications
- Website or intranet usage
- Issue response time

External audience:

- Service standards to process queries
- Number of viewings on website
- Number, frequency, and attendance of meetings and events with stakeholders
- Public perception analysis through client feedback and social media
- Client satisfaction surveys
- Media mentions
- Crisis response time

(Source: this mission)

Recommendations

Immediate

- Finalize the strategic documents considering FAD advice in this chapter.
- Ensure tactical communication plans are prepared.

Medium-term

- Ensure that qualitative KPIs for the Help Desk are implemented.
- Explore avenues to facilitate receiving feedback on legislative changes prior to the Parliamentary sub-committee process.

IV. Human Resource Management Strategy

21. SCS has a large, decentralized, and experienced workforce. It currently has 10,721 officials of whom 771 are at HQ and 9,931 are in the regional territorial bodies. The average age is 45 years, and half of the staff have more than 20 years of experience. Gender distribution is 59 percent male and 41 percent female. Each year an anonymous survey is undertaken to assess staff engagement; in 2025 three quarters of the respondents reported they were satisfied with their work.

22. There are several HRM actions in the NRS and key challenges for the SCS. These include enhancing communications, building allies (e.g., informal leaders within the customs administration), partnering with academic institutions to raise the proficiency of new recruits, and providing psychological support related to the stressful environment.

23. SCS has developed a solid HRM Strategy which it recognizes will be refined as progress unfolds. It has communicated with various parties about aspects of the strategy, including unions and other stakeholders. To support the SCS' initiatives, FAD presented findings of its review of this strategy (Annex 5), and Box 4. contains advice on considerations for the next iteration of the HRM Strategy.

Box 4. HRM Strategy Considerations

- Ensure the right organization and job structure.
- Segment the HR “clients” - they have different needs.
- Establish support systems – tools, information systems, policies, etc.
- Optimize the role of HR – its services, its efficiency (“upskill the HR team”), its reporting relationship, and its participation at key management tables.
- Consider what KPIs are important (e.g., absence rate, turnover, training days, engagement, satisfaction) and update as required.
- Emphasize engagement and communication.
- Identify measures to build commitment (e.g., branding).
- Commit to ambitious and well-defined action plans that will be monitored, measured and evaluated.
- Commit to an annual analysis of progress and update plans as necessary.
- Prioritize the HR and other investments to meet ambitious plans.
- Consider strengths, opportunities and threats in addition to weaknesses.
- Undertake a skills gap analysis to identify the difference between where you want to be and what skills are present now in the organization.
- Prioritize training and development initiatives in critical areas, considering current needs and for succession planning purposes.
- Ensure health and safety programs are adequate.
- Consider carefully a rewards and recognition program which may be individual and/or team-based.
- Recognize that HR is a strategic partner in collaboration with the entire management team.

(Source: this mission)

24. As stated in the SCS HRM Strategy, competency-based HRM has been implemented in the SCS. The SCS applied competencies in 2025 to all positions. Some customs administrations initiate such an implementation by applying it only to new recruits; however, the SCS is more eager. A profile has been developed for each position where the requisite competencies are articulated. It is noted that this

profile is not a job description. Additionally, in building its concept of the professional customs officer of the future, SCS has relied on EU standards¹³. Among other efforts, it expects to invest heavily in training.

25. SCS' competency framework has three categories and four rated levels of expertise. The three categories are Operational, Managerial, and Professional (behavioral). Of the 17 operational competencies listed, no staff member has more than four in their profile. The SCS intends to review its competencies in 2026 with the goal of unifying some of them and reducing the total number of competencies.

26. Advice was provided that it is critical to understand the competencies of each staff member and how that compares to the desired competencies for current and future organizational needs. Analyzing this competency gap will allow for targeted training and development plans. This gap analysis should be completed once the refined competencies have been established. Subsequently, a review of learning objectives and prioritization of training initiatives can be undertaken.

27. Following a legislative amendment in June 2025, SCS transitioned to three-year contracts that have the possibility of three-year extensions if performance is acceptable. New contracts, again for three plus three years, can be issued to assign staff to other positions or locations. The required competencies, along with the main terms of employment, tasks, performance indicators, and other expectations such as consent to rotation and development, are included in the employment contracts for each staff member. The contract mechanism gives the SCS additional flexibility to manage its workforce and is a tool to fight corruption.

Recommendations

Medium-term

- Proceed with a competency gap analysis in 2026 using refined competencies.

¹³ https://taxation-customs.ec.europa.eu/taxation/eu-training/custcompeu_en

V. Staff Rotation Policy

28. The NRS tasked the MOF and the SCS to develop a staff rotation policy by 2027,¹⁴ which is a challenging task given that there is no such concept in the Ukrainian legal framework. As an exception, the Ministry of Foreign Affairs has a rotation policy for its diplomatic staff, but it cannot be used in the SCS as it is a quite different legal basis. This task falls under the NRS and MTAPCR's objective to strengthen anti-corruption measures and increase trust in customs authorities.

29. To address this, the MOF approved a rotation policy,¹⁵ based on which pilot projects started in three regions. The pilot involves 130 officials in Lviv, Ternopil, and the South-Eastern frontline regions, with 20 percent of staff rotating on 12-hour and 24-hour shifts. The current policy was presented to FAD for review, with the intention of finalizing it based on pilot projects' findings¹⁶ and FAD comments. The FAD desk review was conducted from August to October 2025 on the current rotation policy.¹⁷

30. The current policy defines the principles, procedures, and frequency for rotation but is limited to temporary rotation—strictly confined to a maximum of three months within any six-month period, or six months within a year. The scope is limited to equalizing workloads, responding to urgent workload needs, or addressing temporary operational tasks within or between customs offices. Importantly, the current rotation policy does not serve anti-corruption objectives.

31. International good practice indicates that permanent rotation is required to address anti-corruption, while the current policy does not stipulate it. Box 5. lists principal provisions based on international good practice. Permanent rotation—moving staff to new positions or locations—reduces the risk of collusion and corruption. The absence of permanent rotation is a significant limitation, preventing the policy from acting as an instrument for systemic reform or long-term integrity building.

Box 5. Principal provisions based on international good practices

- **Strategic purpose of rotation:** The policy aims to prevent corruption, strengthen institutional integrity, and ensure fairness and transparency, directly supporting the strategic objectives of the SCS and the National Revenue Strategy (NRS).
- **Categorization of positions and maximum tenure:** Positions are classified by sensitivity and exposure to risk, with defined maximum durations to support effective rotation cycles.
- **Transparent rotation procedures:** Clear procedures for planning, approval, and communication of rotations ensure fairness, consistency, and accountability.

¹⁴ Reference is NRS 5.2.1 (timeframe is 2024-2026) and MTAPCR 6. Introduction and implementation of a customs official's rotation (timeframe is 2025-2027).

¹⁵ Order of Minister of Finance of Ukraine N.229, dated May 5, 2025

¹⁶ Though intermediary feedback, the pilot revealed that staff rotation carries significant operational and human costs, including decreased clearance efficiency and increased employee stress. These challenges stem from systemic gaps in planning, training, and handover procedures. While the rotation showed some developmental benefits, its overall impact was limited.

¹⁷ Bozo (2025). "Ukraine - Rotation Policy for Customs Administration". IMF FAD Technical Assistance Report (October 2025).

- **Delegation rules:** The Head of SCS may delegate rotation decisions within a customs office to the Head of Customs under defined conditions, allowing operational flexibility while maintaining oversight.
- **Handover and knowledge transfer requirements:** Detailed guidelines ensure continuity of operations and preservation of institutional knowledge during rotations.
- **Support measures for rotated staff:** Training, relocation assistance, and mentorship programs facilitate smooth transitions, maintain staff motivation, and support professional development.
- **Integration with performance and evaluation systems:** Rotations are linked to performance evaluation, ensuring alignment with professional development goals and merit-based mobility.
- **Operational roles and responsibilities:** Local directors and managers are provided clear guidance on implementing rotation, monitoring adherence, and reporting progress.
- **Monitoring, evaluation, and feedback mechanisms:** Systems are in place to track implementation, assess effectiveness, and continuously improve the rotation process.
- **Risk management considerations:** Potential challenges, such as temporary staff shortages or operational disruption, are anticipated with mitigation measures defined.
- **Illustrative examples:** Lessons learned from pilot rotations in three provinces are highlighted to demonstrate practical application and refine processes.
- **Reference to legal and international standards:** The draft clearly aligns with the Law on Civil Service, the Customs Code of Ukraine, and international standards to ensure legal compliance and operational consistency, international good practices, drawing on OECD, WCO, and EU practices.

(Source: Bozo (2025))

32. The mission considers that current three-year term contracts can accommodate permanent rotation—to the contrary to temporary secondment— through either expanding the current rotation policy or developing a new policy for permanent rotation. By taking this approach, legal compatibility issues with Civil Service Law and Labor Law may be mitigated. Implementation should be made considering elements listed in Box 5.1. (the slides presented during the mission are attached as Annex 6). These include explicitly defining rotation as a tool for mitigating corruption risks associated with officials remaining in sensitive positions for extended periods. To operationalize permanent rotation, a structured framework for assessing the sensitivity of customs positions—based on integrity and corruption risks—should support rotation decisions. Table 5.1 illustrates a comprehensive Customs Official Position Risk Assessment, which facilitates the SCS to categorize positions as Low, Medium, or High Risk.

Table 4. Risk elements to be considered in staff rotation

Risk Element	Description
Access to funds / goods	Exposure to money, goods, or financial obligations
Decision-making discretion	Authority to make decisions affecting traders or administrative processes
Access to confidential information	Databases, risk profiles, inspection plans
Interaction with public / traders	Frequency of direct contact with businesses or citizens
Potential conflict of interest	Family, social, or economic connections affecting impartiality
Supervision / internal control	Level of monitoring and oversight applied to the position's activities
Length of tenure / previous rotation	Duration in the same position without rotation
Access to IT systems / possibility of manipulation.	Capacity to alter or manipulate records and data

(Source: this mission)

33. Based on this risk classification, the rotation policy should mandate approved rotation tenures for each category, with high-risk positions requiring the most frequent rotations. This risk-based approach ensures that rotation resources are focused where they are most needed for integrity purposes, moving beyond the current model of ad-hoc, consent-based transfers. Aligning rotation with a structured risk framework transforms it from a discretionary managerial tool into a mandatory, systematic, and transparent integrity mechanism, bringing it in line with international best practices observed in advanced customs administrations.

34. The development and implementation of a comprehensive National Rotation Plan form the backbone of this strategic shift. Such a plan must be meticulously prepared well in advance, leveraging the existing three-year contracts of officials to ensure predictability and stability for both the organization and its employees. The plan should be developed by the HR department in close coordination with operational leads and encompass all levels of service, including HQ staff. A well-communicated, multi-year plan reduces uncertainty and allows for better personal and professional planning for affected officials.

35. To ensure transparency and efficiency, the implementation of the National Rotation Plan must be supported by a robust IT solution. An automated monitoring tool is necessary to ensure data reliability, accountability, and to remove manual processes that can be opaque or manipulated. The SCS has already taken a step in this direction by developing "Randomizer" software. The strategic imperative is to invest in a fully-fledged software solution that can manage the complexities of a national, risk-based rotation plan, matching personnel to positions based on predefined criteria while maintaining an auditable trail of all decisions.

Recommendations

Short-term

- Draft the rotation policy according to internationally recognizable standards, which include anti-corruption objectives and risk classification of customs positions.
- Prepare a rotation plan based on the above, using the three-year contracts already in place.

Medium-term

- Implement the rotation plan based on funding availability.

VI. Internal Audit and Internal Control

36. The mission reviewed SCS' Internal audit and found that the service is functioning in a proper manner. Annex 7 contains the FAD slides presented to the delegation during the mission. The internal audit function within the SCS is established and governed by the Budget Law of Ukraine, which clearly defines its role and scope. To safeguard its effectiveness, the independence of the Internal Audit Department (IAD) is formally guaranteed by an Internal Audit Declaration. This foundational document is co-signed by the Head of the SCS and the Head of the IAD, and it outlines:

- Mission: To ensure the effective achievement of the SCS's goals through systematic audit controls;
- Principles: A commitment to independence, ensuring both organizational and functional autonomy; and
- Powers and Responsibilities: The formal authority and duties of the IAD.

37. The IAD acts and operates as an independent assurance function. It verifies that the controls established into two levels, operational management and internal control, are appropriate and function effectively. The IAD reports directly to the Head of SCS, reinforcing its independence. Public service-wide guidance for internal audit is provided by the MOF, and the department adheres to established guidance, procedures, standards, and a mandatory code of conduct.

38. The IAD is staffed by 15 professionals, whose expertise is maintained through a continuous investment in training and development. The IAD's approach is characterized as:

- Certifications: three staff (20 percent of the department's staff) are certified auditors from the MOF;
- Comprehensive Training: All staff have completed a 30-hour certified auditor course focused on fraud prevention, annual civil service training, and other skill development programs;¹⁸ and
- Continuous Improvement: The effectiveness of training is continuously monitored, and annual refresher courses are planned to ensure skills remain current.

39. From 2024 through the first half of 2025, the IAD demonstrated a high level of activity, having conducted a total of nine internal audits, three of which were still ongoing as of mid-2025. These audits have yielded 78 actionable recommendations, all of which were formally accepted by the Acting Head of the SCS for implementation.

40. The IAD operations follow an internationally standardized framework including risk assessment.¹⁹ The audit methodology is robust and strategically oriented. The findings from the risk analyses are used for the preparation of both the annual audit plan and a strategic three-year audit plan. Significant measures are in place to ensure quality and drive continuous improvement. These include periodic assessments and stakeholder feedback.

¹⁸ The IAD staff were trained by PricewaterhouseCoopers Academy.

¹⁹ The Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework is a globally recognized model for designing, implementing, and evaluating internal controls within organizations. See, for example, <https://auditboard.com/blog/coso-framework-fundamentals>

41. In addition to internal audit, the mission-initiated discussions on internal control. A separate Internal Control Department (ICD) exists, responsible for the internal control of processes, procedures, and registration verifications of entities and carriers. The ICD ensures consistency by field officers in the applications of HQ policies. It also conducts an annual risk assessment in these areas. The findings from these analyses are used for audit planning. Follow-up by FAD will occur to more fully discuss internal control.

Recommendations

Medium-term

- Develop the competencies for internal auditors and regularly update internal audit manuals and procedures in compliance with MOF instructions, international standards and good practice, including KPIs revision.

VII. Way Forward²⁰

42. The mission and the SCS discussed the future events/actions as follow.

December 2025

- Final Technical Assistance Report of this mission (FAD)
- AEO Conference (SCS)
- Finalization of Communication Strategy (SCS)
- Receipt of DG TAXUD comments on the draft Customs Code (MOF/SCS)

January 2026

- STX on rotation policy finalization (FAD)—remote support through March 2026
- Installation of LTX in Vienna (FAD)

February 2026

- LTX support (FAD), remote
- IMF staff security training for visiting Kyiv (FAD)
- SCS NRS Steering Committee (SCS)

March 2026

- LTX support (FAD)
- Appointment of new Head of SCS (Government)
- Staff visit in Kyiv with LTX (FAD)

Fiscal Year (FY) 2026 (May 2026 – April 2027)

- Submission of Customs Code for legislative process.
- HQ-led mission visit with LTX in Kyiv (FAD)—scoping mission, meeting with national stakeholders. (Q1FY27).
- Follow-up STX and LTX support (FAD)

43. **Regarding FY27 customs administration support, the FAD CD may focus on corporate functions, compliance management, and enforcement, subject to the findings of the FY27 scoping mission and agreement between IMF and the authorities.** EU4PFM and European Commission DG TAXUD are currently finalizing their comments on the draft of the new Customs Code of Ukraine. It also provide support to IT developments compatible with EU systems and standards (particularly transit, core customs clearance, and risk-based selectivity) in collaboration with the DTP project (World Bank and FAD). EU teams will support drafting secondary legislation (expecting approximately 5,000 pages documents) for 2026 and 2027. In addition, EU is currently revising its own Union Customs Code: once it is adopted, Ukraine will likely need to revise its Customs Code.

²⁰ The information is as of December 2025.

VIII. Annexes

- Annex 1 [Slides on Change Management](#)
- Annex 2 [Slides on Stakeholder Engagement and Communications](#)
- Annex 3 [Comments to SCS' Stakeholder Engagement and Communication Policy](#)
- Annex 4 [Comments to SCS' Communication Strategy](#)
- Annex 5 [Slides on HRM Strategy](#)
- Annex 6 [Position Sensitivity and Rotation Assessment Matrix](#)
- Annex 7 [Slides on Internal Governance in Customs](#)