

Dear Readers,

We present the fifth edition of Project Twinning Newsletter. It contains interviews with four Component Leaders and traditionally a short description of missions and other Project activities. Please bear in mind that the content of this edition was designed in December 2021. Initial interviews were carried out at the beginning of February 2022. On 24 February 2022 the Russia's unprovoked and unjustified invasion of Ukraine started. The activities foreseen in the Project were frozen, and the Project itself was suspended between 1 April and 30 June 2022. Since 1 July the Project has been re-started. The interviews presented below have been updated.



INTERVIEW WITH GYTAUTĖ PESECKAITĖ – KIBICKIENĖ

MS COMPONENT LEADER FOR COMPONENT 3(C)

Head of the Data and Reporting Collection Division of the Data and Statistics Department, Lietuvos bankas.

“Institutional strengthening through the establishment of an integrated system of strategic planning, execution and monitoring, process-based model of planning and management.”

Gytautė Peseckaitė – Kibickienė - Former Head of the Performance Management Division at the Lietuvos bankas (Bank of Lithuania). Graduated from Vilnius University and holds Master degree in Management and Business Administration, and Master degree in Law. She joined Lietuvos bankas in 2014 as the Chief Process Management expert and in 2017 was in charge of establishing the Performance Management Division at the Lietuvos bankas with responsibility of strategic planning and monitoring, annual operational planning, budgeting, and controlling, process and project management, operational risk management and business continuity management. Gytautė Peseckaitė – Kibickienė represented Lietuvos bankas at the Eurosystem level Organisation Development Committee. In 2022 was appointed the Head of the Data and Reporting Collection Division of the Data and Statistics Department which is responsible for transformation and centralization of data collection function to ensure highest quality data service for market participants and internal users.

You are leading the component of the Twinning project that is dedicated to Institutional strengthening through the establishment of an integrated system of strategic planning, execution and monitoring, process-based model of planning and management. Looking back at the completed missions, and the mid-term results already achieved, how would you describe the progress made so far, and the tasks that have yet to be accomplished?

We are very lucky to work with very professional and devoted teams from the NBU and experts from Portugal, Sweden, and Lithuania. Firstly, we have followed our initial plan of revising all the processes of organisational governance, and the NBU staff is doing a very good job. The NBU has put in place a really high level strategic planning, process management, project management frameworks. What I like most is the attitude towards the management processes of the overall organisation, as the strategy team is





having a mandate and clear understanding of what must be done. Secondly, we had very fruitful discussions and experience-sharing sessions, when introducing different experiences at national central banks. Our experts represent banks that are very different in a size or a structure, and this gives us a broader view not only for the NBU, but also for the other experts.

The topic of strategic planning addresses different questions of organisation from the top management to a regular employee, so interviews with managers at different levels, employees were very useful, and I could say on this basis that the NBU is developing an impressive management system. Some improvements are being introduced on an ongoing basis, and we are working on implementing the best practice elements within the framework of strategic, operational planning and process management as well.

Is it easy to find a common ground with your colleagues? Are there any differences in opinions, and if so, how are they being managed?

Strategic planning, organisational governance and development are those topics in relation to which there are no rules or algorithms regarding a correct course of action. Most of us are using the best practice adapted to a specific situation. As we have different experience, represent organisations of a different size or a structure, I appreciate different opinions as to the same things as an opportunity to improve the processes in our organisations in place. Our component at the Bank is mostly linked to internal organisation management, and all our experts have been working in the field for a considerable number of years, so naturally there is variety of suggestions or opinions.

The best way to find a common solution is to have an open discussion based on evidences, examples or practical experience.

As the Twinning experts we can only advise or share our views with the NBU, and give some recommendations on improvement of processes or define the requirements for automation. In the area of strategic planning a lot depends on the maturity of organisation, managerial skills and leadership.

Have you participated in other EU Twinning projects?

This is my first EU Twinning project. I do not have any experience working in such projects, however, I am well familiar with the requirements and expectations of the NBU, and have a good idea about the benchmarks we are expected to achieve. I am very lucky to have experienced experts as part of our project team, very helpful Twinning office, and a supportive Component leader from the NBU's side. I believe that the open, trusted, and friendly environment during our on-line missions is a way to grow for all of us. I hope that soon we will be able to meet each other in person.

What are the tasks to be addressed by the Twinning participants to create an improved integrated system of strategic planning, execution and monitoring, process-based model of planning and management for the National Bank of Ukraine? What is the progress that has been made so far?

The main tasks for the component are to review the existing strategic management process at the NBU, including strategic planning, process management, performance management and financial planning and provide recommendations on further enhancing of the current strategic planning and process-based model of planning and management at the Bank, including monitoring, and reporting tools and performance indicators. With assistance of our Twinning experts, the NBU should elaborate some practical guidelines on the methodology of breaking down the mid-term strategic planning to the short-term



planning and streamlining relevant actions for the NBU's structural units. Moreover, there are tasks to set up some requirements on automation for strategic planning and monitoring and process management systems.

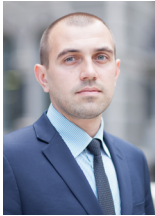
So far, our expert missions were conducted according to the plan. Experts had issued recommendations based on fact finding of the NBU on integrated system of strategic planning, execution, and monitoring. Experts had conducted interviews with management of the NBU on strategic functions and possible improvements. There are several missions left for operational planning process, as the NBU is developing a new framework for operational planning and experts are providing recommendations on the progress made.

At the process management subcomponent, we have very interesting and fruitful discussions on development of process management system in terms of regulation and technical side. The process management team is doing a lot of work for process improvement initiatives, efficiency measurement. Twinning experts are sharing experience and best practice on end evolution of process management frameworks development.

Due to, initially, the pandemic, and then the war, all activities have been conducted online. Despite the lack of, let's say, direct "human factor", how would you describe the atmosphere of your meetings with your National Bank counterparts? How easy it is to reach a common understanding and arrive at decisions to which you both agree?

All our missions are online, and this causes a range of different feelings. On the one hand, we have opportunity to have quite a lot of people in our meetings as observers and we can reach a bigger audience. On the other hand, human contacts sometimes are crucial for building trust and openness for discussions. What I feel myself is that online missions are quite intensive, and we may cover a lot of topics, hold discussions within the team, but sitting in front of a computer screen does not facilitate the inclusion of participants, and it is hard to feel the audience. Another thing is that sometimes we lack privacy, so some sensitive topics might be left untouched, though they are very important in order to distinguish emotions and reality.

Anyway, I am very confident in all the team that we have; I feel a lot of positive emotions in our meetings. With some staff members I already feel being familiar very well even though we have never met in person.



INTERVIEW WITH MAKSYM KOMAROV NBU LEADER FOR COMPONENT 3(C)

Head of Strategic Planning Unit, Strategy and Development Department,
the National Bank of Ukraine

"The escalation of Russian aggression to a full-scale war has brought many challenges that have changed the lives of every Ukrainian. Under such conditions, the banking sector has had to work flawlessly to defend the financial front during the war. All the progress the central bank made in previous years in building institutional resilience has been put to the test. The NBU has passed this test, and proved itself to be a mature and independent government institution. Now the NBU's Twinning project, an EU-funded cooperation venture with the central banks of Poland and Lithuania, will help further strengthen the NBU as an institution, aiding its strategic development, supporting its process and project management, and promoting it within other government institutions."

Maksym Komarov graduated from the National University of Kyiv-Mohyla Academy with a Master's degree in Finance and Credit. After that, he obtained a Post Graduate Certificate in International Business Practice from St Mary's University in Twickenham in the UK. Maksym has excellent knowledge and experience in the fields of strategic planning, the implementation of key performance indicators, and carrying out organizational and structural changes, which he gained while working for Barclays Bank in London. He joined National Bank of Ukraine in 2018 and took part in the elaboration of strategic planning functions and functional strategies. He also developed and implemented new methodology for the formation of Yearly Goals, established three levels of indicators for each strategic goal, and compiled monitoring reports for the NBU Board. In 2019, he established the "Strategic Planning in Central Banks" international roundtable: More than 50 representatives from other countries participated in this event in 2021.

On 4-5 July 2022, Switzerland jointly with Ukraine hosted the international Ukraine Recovery Conference (URC 2022) in Lugano. Did the central bank participate in creation of Ukraine's National Recovery Plan? How did the Twinning project help to build strategic development competencies in the central bank to respond to the current challenges?

The Russian invasion of Ukraine has caused massive disruption to economic activity

in Ukraine, and damage to infrastructure, the environment, and the livelihoods of the Ukrainian people. The NBU acted calmly and resolutely, and with strategic vision, issuing resolutions precisely targeted at supporting people and safeguarding the country's financial stability.

Right away, the NBU Board on 24 February 2022 approved amendments to Resolution No. 18 on the Operation of the Banking System under Martial Law. This resolution was the first measure to support the financial system – the central bank fixed the official exchange rate of the hryvnia against foreign currencies, prohibited authorized institutions from conducting any FX transactions using Russian and Belarusian rubles, and much else besides.

Following that, on 15 April, the NBU Council adopted its Monetary Policy Guidelines for the Duration of Martial Law, which will apply until the economy and financial system return to normal conditions. Under its Monetary Policy Guidelines, the NBU is committed to resuming the pursuit of its inflation targeting regime with a floating exchange rate as soon as the Ukrainian economy and financial system return to their normal modes of operation. To maintain financial stability in Ukraine, the NBU was forced to fix the exchange rate and impose a number of administrative restrictions, including those on FX transactions and capital movement. Amid these restrictions and elevated uncertainty, market-





driven instruments have only a limited impact on the functioning of the money market and the FX market. The NBU therefore temporarily postponed its key policy rate decisions.

At the same time, the NBU was invited to join the group working to develop the Recovery Plan for Ukraine. The competencies we obtained via the Twinning Project helped us in this activity, and on 21 April 2022 the president of Ukraine issued a decree to form the National Council for the Recovery of Ukraine from the Consequences of the War. In order to prepare the appropriate proposals, 24 working groups were formed at this new national council, and NBU representatives took part in the sixth working group on the functioning, reform and development of the financial system. The national council is an advisory body for the president of Ukraine to develop a Post-War Recovery and Development Plan for Ukraine (hereinafter Recovery Plan), identify priority reforms and prepare proposals to implement them, and to draw up strategic initiatives and draft regulations.

The NBU was in charge of subgroup 4 of the working group – on the banking system and non-bank financial services market. We identified challenges in the banking system and non-bank financial services market, as well as key opportunities, and developed specific goals, objectives, and stages for the Recovery Plan in this particular sphere.

How has the Twinning Project contributed to the NBU's work? Has it helped to build knowledge inside the NBU about strategic development, and helped with the Recovery Plan?

I'd like to start by thanking our Twinning project partners from Narodowy Bank Polski, Lietuvos Bankas and all the STEs involved in the Twinning Project for supporting us in these hard times. The STEs from Lietuvos bankas, the Bank of Portugal and Riksbank who were involved in the implementation of

Component 3 (C) "Institutional strengthening through the establishment of an integrated system of strategic planning, execution and monitoring – a process-based model of planning and management" were always available and helpful during the course of the project. We were able to build a truly friendly atmosphere on our missions, with honest and transparent discussions. It wasn't just my colleagues from the NBU but also the STEs who were highly motivated to acquire new knowledge, adopt new approaches, and grow professionally. Our counterparts have extensive experience, and excellent expertise. In addition, I found it important to engage STEs from several different central banks in our project components, so we could get a broader assessment of the topics from different points of view. That's especially valuable for strategic planning.

Our Twinning partners supported us within each subcomponent so that we could develop a truly solid system of strategic planning and process management frameworks. Our colleagues helped us move forward not only in developing the strategic planning processes, but also in implementing them practically. Obviously, this knowledge also helped us work in the national council on the Recovery Plan. We knew that the transparent and open discussions we had during our working meetings would help us find the best solution for our own financial ecosystem.

How did the Twinning project grow over time? What were the most memorable moments for you?

I joined the National Bank of Ukraine in 2018, a few months after the first Strategy of the NBU was released. Then, together with the team, we developed the NBU Strategy until 2025, and now working on Ukraine's National Recovery Plan. This experience has been really fascinating, and has given me an opportunity to see how the strategy, project and process management functions can work



together to stimulate an organization to develop. At the beginning of the Twinning project we couldn't imagine that there would be a global pandemic and war, but as a matter of fact the experience gained during the Twinning Project really helped when we were building the Recovery Plan. From the very start we switched to an online format, and built a nice and friendly atmosphere, so we don't find it hard to share our experiences and get the STEs' suggestions.

In 2021 we were primarily working online – our first offline Steering Committee meeting was only held in January 2022. It was a pleasure to see everyone face to face and have informal chats after the meeting. And I truly believe that all of the Twinning project experts and partners will meet again in a short run in friendly and peaceful Kyiv!

Glory to Ukraine!

Upon request of the interviewee, his original spelling has been preserved in order to reflect the current usage of English in Ukraine.



INTERVIEW WITH TOMASZ CISZAK

MS COMPONENT LEADER FOR COMPONENT 4 (D)

Deputy Director of the International Department at Narodowy Bank Polski

"Twinning is a two-way street".

Tomasz Ciszak graduated from the Warsaw School of Economics in 1998 and holds a Master degree in International Economics and Politics. He started to work at Narodowy Bank Polski in 2003 as chief expert in the International Department. Before joining NBP Tomasz worked in the governmental administration and was involved in the process of Poland's preparations for the EU membership. At the International Department of NBP Tomasz occupied a number of positions and was appointed as Deputy Director in 2014. His main responsibilities cover cooperation within the ESCB and with other EU institutions, cooperation with the Polish public administration on EU issues and coordination of NBP translation activities. Tomasz has been involved in activities of various ESCB and EU bodies, including the Economic and Financial Committee, where he has been an alternate member since 2015.

What is the main objective of the component of the Twinning project you are leading?

The main objective is to strengthen the international co-operation function of the National Bank of Ukraine and its capacity in the area of European integration. This is a broad business area, so - as a first step - we had to identify the most important issues that we should concentrate on. Thanks to an excellent cooperation with colleagues from the NBU under the leadership of Liudmyla Labur, my Ukrainian counterpart in the project and active engagement of experts from both Narodowy Bank Polski and Lietuvos bankas, we have defined a set of questions to be dealt with as a matter of priority. They cover experience resulting from the process of integration

with the EU, with particular focus on the implementation of the Association Agreement, cooperation with international financial institutions and technical cooperation with the other central banks.

How would you describe the progress made so far and the tasks that have yet to be accomplished?

We had a number of expert missions, although only in on-line format due to the pandemic. Nevertheless, I think we managed to use this time effectively. Experts shared their institutions' experience and best practices in the priority fields. We have identified some elements of the international cooperation function of the NBU that could be enhanced and would benefit from experts' suggestions. Subsequently, we have prepared three sets of recommendations: the first one in the area of European integration, the second one refers to cooperation with international financial institutions and the third one that is devoted to bilateral cooperation with other central banks and international bodies. Apart from this a workshop on central bank's technical cooperation was held. This resulted in several suggestions and short-term deliverables that - I hope - helped the NBU to enhance its capacity in this particular area. Then we started preparing future activities under this component, but this had to be stopped because of the Russia's invasion on Ukraine and ensuing suspension of the whole Twinning projects. Now, after the project has been resumed, we are in the course of organizing a study visit to Lietuvos bankas for a number of colleagues from the NBU. This will be





a good opportunity to show them a very practical side of cooperation within ESCB/Euro system and with the EU institutions, as well as with the other central banks and international organizations. Finally, we are planning to hold an expert forum that would gather representatives of central banks of Eastern Partnership and candidate countries to share the most important achievements of our activities under this component. Due to the warfare in Ukraine we want to organize this event in Poland.

What are the biggest challenges that you face in the project?

I see two challenges. The first one refers to the substance of the component that I lead. As I have mentioned, one of the main areas of interest of our Ukrainian colleagues is the process of integration with the EU and -in particular- our experience which could be used to enhance NBU's ability to effectively implement Association Agreement's obligations. The difficulty is that our institutions' experience, I mean both NBP and Lietuvos bankas, in this respect is more than 20 years old. So we had to be quite retrospectively oriented. We have resorted to our distant association-related recollections and additionally we have also tried to identify those solutions and best practices from the accession period and our current functioning within the ESCB that could be of relevance and usefulness to the NBU. The second challenge is of an organizational nature. Primarily it resulted from the pandemic and was compounded by the war. All our activities have been carried out in on-line form. Needless to say that this has influenced the nature of our interactions, deprived us of the direct contacts that are typical for this kind of projects. We miss them. That's why we want to hold the expert forum in physical form in Poland.

You participated in another Twinning project for the NBU before. Are there any similarities and/or differences?

Yes, indeed I took part in one of the projects for the NBU. Its aim was to strengthen the NBU's capacity through the approximation to the EU standards of central banking. It was in 2011. There are some important differences. First of all, the EU-Ukraine relationship has significantly advanced. The Association Agreement has entered into force and constitutes a solid and wide-ranging basis for bilateral cooperation in various fields. And now, once Ukraine had been given the candidate country status, this cooperation entered a new phase. Second, the NBU has evolved and become an active and reliable partner engaging in various international initiatives. It gained an extensive experience and expertise in many central banking areas. As a result the present Twinning project is a source of knowledge and also an inspiration for us, the experts from the Member States. Personally, I have benefited a lot. Thirdly, the NBU has been one of the key players responsible for the implementation of the AA provisions in the area of financial services. The NBU is also responsible for reporting on the progress in implementation to various stakeholders. Our Ukrainian colleagues do not expect us to discuss general European integration issues, such as the EU institutional set-up or decision making process. They know these questions very well. They want us to offer them some tangible solutions to well-defined, concrete problems. Hence, our work is more focused and demanding. But at the same time it is more rewarding. And a final remark, on a more personal note. In 2011 I was involved in the Twinning project as a short-term expert. Now, I'm in charge of the whole component. This is a different role with additional tasks and responsibilities. Fortunately, we managed to gather a group of knowledgeable and dedicated staff members from Lietuvos bankas and NBP. I can count on their continuous support. Working with them is a pleasure.



INTERVIEW WITH LIUDMYLA LABUR NBU LEADER FOR COMPONENT 4 (D)

Head of the EU and Bilateral Relations Division of the Office for European Integration and International Programs, the National Bank of Ukraine (NBU)

"In the difficult times that Ukraine is facing due to Russian aggression, our Twinning partners from Narodowy Bank Polski and Lietuvos bankas are working shoulder to shoulder with the National Bank of Ukraine for Ukraine's future in the European family. The Twinning project is an important instrument of institutional cooperation, supporting the National Bank of Ukraine's efforts to implement European standards and practices, and bringing with it effective regulatory mechanisms for financial institutions, better supervisory approaches, and financial sector growth."

In 1999, Liudmyla Labur graduated from the Kyiv Polytechnic Institute National Technical University of Ukraine, where she had majored in Management and Marketing. Labur has vast experience in the field of International Relations and European Integration, which she gained while working for the National Bank of Ukraine and the Ukrainian public authorities. In the late 1990s, she worked for the National Agency of Ukraine for Development and European Integration and the Ministry of Economy of Ukraine. Since 2000, when she joined the NBU team, Labur has been in charge of NBU's monitoring and coordination activities for international cooperation, overseeing the EU-Ukraine Association Agreement, free trade agreements between Ukraine and other countries, WTO cooperation, the development of the NBU's bilateral international relations and cooperation with IFIs and the ECB, as well as coordination of the implementation of EU-funded projects in the banking sector.

On 23 June the European Council granted Ukraine the status of a candidate for accession to the EU. What was the role of the NBU in this process?

Five days after Russia started its full-scale unprovoked and unjustified aggression, Ukraine applied for EU membership. On 8 April, during a visit to Kyiv, European Commission President Ursula von der Leyen handed a questionnaire (part I on political and economic criteria) to President of Ukraine Volodymyr Zelenskyy for the preparation of an official EU opinion on the application of Ukraine for membership of the

European Union. A month later, on 13 April, part II of the questionnaire (on the EU acquis) was given to Ukraine by the European Commission.

The NBU provided all the necessary information to allow our country to be granted the status of a candidate country for EU membership. The NBU participated in the preparation of answers to 11 out of the 35 chapters in the two parts of the questionnaire, including the answers to Chapter 4 on "Freedom of capital movement" and Chapter 9 on "Financial services."

The first part of the completed EU membership questionnaire was submitted to the EU on 18 April, and the second part on 9 May.

We were extremely proud when on 23 June the European Parliament adopted a resolution calling for the immediate granting of candidate status for EU membership to Ukraine, and when the European Council on the same day granted Ukraine the status of a candidate for accession to the EU.

At the same time, we understand that a lot of important steps, such as the implementation of the EU acquis into national legislation, have to be taken by Ukraine in short order. The European Commission will monitor Ukraine's progress in fulfilling these steps and report on them, together with a detailed assessment based on established criteria and the conditions in the country.



At the same time, the dialogue between Ukraine and the EU has been going on for many years. Eight years passed from Ukraine signing the EU-Ukraine Association Agreement (AA) in 2014 to the moment Ukraine was granted the status of a candidate for accession to the EU. A lot of tasks have been done in the course of these years. Having signed the AA, Ukraine undertook commitments to reform and adapt its legislation in various spheres. The NBU has been working continuously to fulfill the AA between the EU and Ukraine, implementing the EU acquis into national legislation, introducing international standards, and fulfilling the decisions of the EU-Ukraine bilateral bodies and other international legal obligations and arrangements in the area of European Integration. We are boosting confidence in the NBU as a central bank that complies with European standards and that is integrated into the European community of central banks. The NBU's introduction of European standards and practices promotes effective financial sector regulation, improvements to supervisory approaches, and financial sector transparency.

Why is the Twinning Project important for the National Bank of Ukraine, especially in such difficult times for Ukraine?

The Twinning project is an important instrument of institutional cooperation. It supports the NBU's efforts to implement European standards and practices, helping us build effective regulatory mechanisms for financial institutions, enhancing supervisory approaches, and promoting the growth of our financial sector.

True, the Twinning project has faced challenges due to the full-scale Russian invasion of Ukraine. After 17 months of joint work, the Twinning Project had to be suspended at the beginning of the full-scale Russian invasion of Ukraine on 24 February. The decision was taken by the EUD to temporarily suspend Project activities from 1 April until the end of June 2022.

But neither the NBU nor our Twinning partners from NBP and LB have been wasting any time. We used this time to analyze the NBU's needs under these new wartime circumstances, and to update the Twinning project. This meant making changes to the whole Twinning project, in fact.

Moreover, Ukraine being granted the status of a candidate for membership of the EU brought new challenges and opportunities for the NBU. One of them is accession to the Single Euro Payments Area (SEPA) to ensure the closer integration of the Ukrainian and European financial markets, and open access for their participants to additional instruments for making international payments. One of the amendments the NBU initiated to the Twinning project was to add a new component to review the requirements and adjustments needed for Ukraine to join the SEPA.

As the NBU Leader for Component 4 (D), are you satisfied with the results of the implementation of this component? Have there been any changes to the way Component 4(D) is being implemented?

Before 24 February, a lot of work had already been done on Component 4 (D). The experts from NBP and LB presented their practical experience of the overall process of integrating with the EU. We're grateful to Mr Tomasz Cizak, Leader for Component 4 (D), and all the experts involved in the Twinning Project for sharing their institutions' experience in the areas of evolving European Integration functions and organizational structures, coordinating European Integration processes within central banks, IT solutions for effective electronic document management, and the effective transposition of the EU acquis by using Tables of Concordance. The experts also provided technical advice on a central bank's role in the implementation of the EU-Ukraine AA related to the coordination of the transposition and implementation of EU acquis, the development of an internal IT



tool for EU-Ukraine AA implementation, and measures to enhance staff awareness of EU developments.

The experts gave presentations on cooperation with the European Systemic Risk Board (ESRB), the ECB Single Supervisory Mechanism (SSM) and the European Supervisory Authorities (EBA, EIOPA). My NBU colleagues from the Banking Supervision Department, Financial Stability Department, Inspection Department and Department of the Methodology of Banking Supervision were invited to participate.

In the course of expert missions on enhancing cooperation between the NBU and foreign central banks and international organizations, experts shared their experience and provided technical advice to the NBU with regard to cooperation with the IMF, WB, EBRD and the BIS, and on developing bilateral cooperation with other central banks. Evaluation methods used by international representations in cooperation were also thoroughly discussed. The Twinning experts also shared the experiences of the NBP and LB regarding central banks' relations with investors. As the result of these missions, the NBU was provided with recommendations on cooperation with IFIs.

A workshop on evaluating the technical assistance received and provided by the NBU was held in September 2021. There, experts shared their institutions' experience and provided technical advice on programming and financing the central bank's technical cooperation, as well as the main principles for organizing technical cooperation (TC), participating in international TC projects, choosing partners, setting objectives, preparing budgets, coordinating with other donors, enhancing promotion and visibility, and implementing the central bank's technical cooperation. The advice covered instruments, long-term projects, cooperation with other departments and donor banks, and experts' motivation, monitoring, and general

approaches to TC evaluation – with reference to EU and international best practices, evaluations and results. The NBU was provided with a picture of the NBP and LB's approaches to managing technical cooperation programs.

Based on the results of these consultations and information received under this component, the NBU revised a post-event feedback form and assessment form for event effectiveness, so that the NBU Board can better assess the effectiveness of experience exchanges between the NBU and other central banks, and the technical assistance provided by the NBU. The forms were compiled on the basis of criteria and principles developed by the OECD's Development Assistance Committee, taking into account the latest amendments made in 2021. Conducting the surveys will help us identify steps needed to upgrade the effectiveness of these activities, and to present their results to the NBU Board.

As part of the activity aimed at creating a terminology management system at the NBU, experts from LB and NBP provided practical guidance in terminological work and presented some of the translation and terminology management practices applied when working with international institutions and EU bodies. The recommendations on the terminology management system at the NBU laid the grounds for the gathering by the NBU of terminology extracted from Ukrainian laws and regulations covering the banking and financial sector.

As the NBU Leader for Component 4 (D), I'm proud to report that we have achieved good results in this component with respect to taking further steps towards integration with the EU, and in particular on enhancing the NBU's cooperation with the ECB and the European Supervisory Authorities.

The NBU's cooperation with European institutions, in particular the ECB, has become more active in the last six months.



For instance, the Governor of the National Bank of Ukraine, Kyrylo Shevchenko, took part in an ad hoc meeting of the European Central Bank's General Council held in May 2022, at which participants discussed the economic impact of the war on Ukraine. I'd like also to note that a dialogue with the European Insurance and Occupational Pensions Authority and the European Banking Authority has been launched.

Now, together with our Twinning partners, we're looking ahead to the expert forum for the central banks of the Eastern Partnership on challenges and best practices in strengthening central bank international cooperation – with a particular focus on European integration.

And next, we're looking forward to meeting our good partners from Narodowy Bank Polski and Lietuvos bankas to enjoy time together discussing European integration!

Glory to Ukraine!

Upon request of the interviewee, her original spelling has been preserved in order to reflect the current usage of English in Ukraine.



Short description of missions and other events of the Project during November 2021 – January 2022



Component 1A

During the mission which took place on 25 November 2021, Member States experts presented their comments and suggestions to the final draft of the Regulation on ILAAP developed by the NBU. After that final round of discussions the NBU was in a position to issue the draft document for consultations with the banking community.

STEs also presented their observations on SREP business model assessment module, which was outlined in the Regulation No. 428 "On the evaluation of business models of banks by the NBU" and the Regulation No. 236 "On the Procedure for the banks evaluation during banking supervision by the NBU".

As a result of the mission, STEs concluded that the NBU Regulations with regard to business model assessment module could be considered broadly in line with relevant EBA guidelines.

The next mission in that Component was held on 1-2 December 2021. During meetings STEs provided their initial observations and comments to the NBU Regulation No. 181 "Procedure for an assessment by the National Bank of Ukraine of the risks that threaten the loss of banks' capital" and analyzed the Regulation No. 181, both with regard to Market Risk.

STEs also made a brief overview of practices on the evaluation of the Corporate Governance and Internal Controls implemented in the Euro-area, and provided initial comments and observations to Regulation No. 251 "On the evaluation by the National Bank of Ukraine of the level of organization of corporate governance and internal control of banks".

In addition, STEs prepared initial comments and

observations to the part of the Regulation No. 236 "On the Procedure for the banks evaluation during banking supervision by the National Bank of Ukraine" related to the Corporate Governance.

During the mission which took place on 20-21 January 2022, Member States experts presented an overview of good practices of ESG risk management in the EU, the main areas of focus for supervisors and the information disclosure aimed at increasing banks' transparency. They provided an overview of the existing EU regulatory framework on sustainability related information disclosure.

STEs also presented their additional observations on the Regulation 251 "On the evaluation by the National Bank of Ukraine of the level of organization of the corporate governance and internal control of banks", as well as their comments which outlined differences between the NBU Regulation and EBA Guidelines for common procedures and methodologies for SREP and supervisory stress testing. It was concluded that the mentioned Regulation could be considered to be broadly in line with the relevant EBA guidelines.

Participants had a lively questions and answers (Q&A) session with regard to all mentioned issues.

Component 2B

The expert mission took place on 8-9 December 2021 and comprised the training session and the test of knowledge for participants.

During the mission, the NBU representatives informed participants about the progress on selecting the optimal model for processing instant payments in Ukraine and planned next steps, as well as a series of meetings held



with payment market stakeholders aimed at discussing business requirements and functionality rules for the future IPS in Ukraine.

On the basis of conclusions from meetings with market stakeholders and taking into account STEs' recommendations, the draft vision of Ukrainian IPS was prepared by the NBU and published on the NBU's website in October 2021 for public discussion. It was assumed that instant payments in Ukraine would be designed for Ukrainian users to handle account-to-account transfers and payments quickly and at affordable rates via user-friendly, cutting-edge and innovative access channels and with the use of payment initiation methods.

Training session on technical aspects of instant payment settlement systems was held with the participation of:

- representatives of the Hungarian automated clearing house (ACH) - GIRO Zrt. who presented information on technical aspects of functioning of the GIROINSTANT payment system,
- representatives of the Polish ACH – Krajowa Izba Rozliczeniowa SA (KIR) who provided information on technical aspects of functioning of the Express Elixir system,
- STEs from Lietuvos bankas who presented the information on technical aspects of the SCT Inst scheme and Lithuanian instant payments solutions.

During the training session, the test of knowledge on technical aspects of instant payment systems was carried out for the NBU participants and confirmed their profound knowledge of the subject.

All presentations were followed by discussions, exchange of views, questions and answers.

Component 3C

The remote half-day expert mission took place on 8 November 2021 and was dedicated to the discussion of issues related to the organization

of the Workshop on tools for automation of strategic planning process.

The Workshop on tool for automation of strategic planning process was held on 17 November 2021 with the participation of external experts from other countries' central banks. During the Workshop representatives of central banks of Estonia and Latvia made presentations of their respective strategic management and planning tools which were followed by lively discussions on potential requirements and exchange of views among participants.

On 18 November 2021 the NBU held on-line meetings with potential vendors of automation systems.

During the mission which took place on 22 December 2021, the NBU made a presentation about the updated methodology of operational planning at the NBU, gave an update on the planning forms, explained the methodology they were based on and presented the respective database.

The discussion which followed was mostly focused on explanations as to how the forms would provide information about operational (yearly) planning of the departments, and implementation of the strategy. Further changes and roadmap in operational planning were presented by the NBU.

STEs made some recommendations with regard to reducing the scope of business-as-usual activities in the operational planning as the NBU has the process management already in place.

STEs also shared the experience of Lietuvos bankas on pilots in incorporating FTE planning and monitoring in the planning process.

Component 4D

The expert mission took place on 17 November 2021.



During the mission STEs made presentations to the NBU about NBP and LB experience in the area of cooperation with the ESRB. Additionally, STEs from LB made a presentation on the institution's cooperation with the ECB SSM. Each presentation was followed by lively discussions and exchange of views.

Then the participants discussed draft Recommendations on the strengthening of the NBU international cooperation function and capacity in the area of European integration of Ukraine prepared by STEs. They concluded the mission with a discussion on the progress made

so far in that area, timeline, preparations for the next mission and other organizational matters.

The NBU was provided with STEs' recommendations on improving the coordination system of the European integration within the NBU and additional adjustments in respect of further steps towards integration with the EU, which were fine-tuned after November mission.

Project Steering Committee Meeting No. 5

The event took place in hybrid format on 26 January 2022

During the meeting, with the Project Leader, Beneficiary Project Leader, RTA and his Counterpart, and representatives of the EU Delegation participating in person at the NBU Headquarters, while other members of the Committee and observers took part on-line.

During the meeting, the Interim Quarterly Report covering the period from 1 October 2021 to 31 December 2021 was presented. The presentation contained:

- a comprehensive description of the activities held during the reporting period,
- relevant statistics on missions and mandays used in every component both from the start of the Project in October 2020 and during the last quarter of 2021,
- a detailed information on current achievements of mandatory results and progress review by each sub-component,
- a brief overview of policy developments during the reporting period in the areas relevant to the Project,
- communication and visibility activities during the reporting period, and
- conclusions and recommendations.

The financial report of the Project for the reporting period was also presented and contained the information about accumulated financial data of the Project till 31 December 2021.

Then Rolling Work Plan No. 4 was presented. It outlined the horizontal issues and activities planned for the remaining part of the Project given that it would be extended till 30 September 2022. The presentation contained the information on major activities planned for the coming eight months in each component with the emphasis that the period of February-September 2022 should be considered to be a crucial phase of the Project's implementation. The presentation also outlined quantitative aspects of planned activities including a new total number of mandays, inherent risks and human resources engaged.

Presentation was complemented with the financial aspects of Rolling Work Plan No. 4 for the period until 30 September 2022, including estimated accumulated expenses by each component, which were based on the assumption that missions would be held in a physical format in Kyiv.



As a result of the meeting, the Steering Committee Members decided to approve Interim Quarterly Report No. 4 for the period of 1 October - 31 December 2021 and Rolling Work Plan No.4 for the period of 1 February - 30 September 2022.



Meeting of the Steering Committee at the NBU Headquarters in Kyiv on 26 January 2022. From the left: Dariusz Lewandowski, RTA, Volodymyr Kuchyn, Beneficiary Project Leader, Paweł Samecki, Project Leader, Liudmyla Labur, Component Leader and RTA Counterpart.