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**ANNEX I**

to the Commission Implementing Decision on the annual work programme of the Ukraine Facility pillar III for 2024 – part II

**Action Document for the Technical Cooperation Facility for Ukraine 2024**

**ANNUAL WORK PROGRAMME**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and Article 38 of the Ukraine Facility Regulation.

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>1. Title</b> <b>OPSYS</b> <b>Basic Act</b>	<b>Technical Cooperation Facility for Ukraine 2024</b> Ukraine Facility pillar III for 2024 – part II OPSYS business reference: ACT-62766 ABAC Commitment level 1 number: JAD.1503952 Financed under the Ukraine Facility
<b>2. Economic and Investment Plan (EIP)</b>	Yes <ul style="list-style-type: none"><li>– Energy</li><li>– Environment and climate resilience</li><li>– Digital</li><li>– Human development</li><li>– Agriculture, food security and rural development</li><li>– Rule of law, governance and public administration reform</li></ul>
<b>EIP Flagship</b>	Yes <ul style="list-style-type: none"><li>– Flagship 1: Supporting a sustainable, innovative, green and competitive economy — direct support for 100 000 SMEs;</li><li>– Flagship 2: Economic transition for rural areas — assistance to over 10 000 small farms;</li><li>– Flagship 4: Boosting the digital transition — modernising public IT infrastructure; and</li><li>– Flagship 5: Increasing energy efficiency support for renewable hydrogen</li></ul>
<b>3. Team Europe Initiative</b>	No
<b>4. Beneficiar(y)/(ies) of the action</b>	The action shall be carried out in Ukraine.

<b>5. Pillar</b>	Pillar 3			
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>				
<b>6. Priority Area(s), sectors</b>	DAC codes: 150 – Government and Civil Society 160 – Other Social Infrastructure and Services 220 – Communications 230 – Energy 240 – Banking and Financial Services 250 – Business and Other Services 311 – Agriculture 410 – General Environment Protection 730 – Reconstruction, Relief and Rehabilitation			
<b>7. DAC code(s)</b>	15110 – Public sector policy and administrative management (68%) 16020 – Employment creation (3%) 22010 – Communications policy and administrative management (6%) 23110 – Energy policy and administrative management (1%) 25010 – Business policy and administration (4%) 31110 – Agricultural policy and administrative management (11%) 41010 – Environmental policy and administrative management (4%) 73010 – Immediate post-emergency reconstruction and rehabilitation (3%)			
<b>8. Sustainable Development Goals (SDGs)</b>	Main SDG: Goal 16 – Peace, Justice and Strong Institutions Other significant SDGs: Goal 5 – Gender Equality Goal 7 – Affordable and Clean Energy Goal 8 – Decent Work and Economic Growth Goal 13 – Climate Action Goal 15 – Life on Land			
<b>9. Main Delivery Channel</b>	13000 – Third Country Government (Delegated co-operation) 20000 – Non-governmental organisations and civil society 40000 – Multilateral organisations 60000 – Private sector institutions			
<b>10. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
<b>11. Markers (from DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>

**12. Internal markers and Tags**

Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disaster Risk Reduction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
Biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
EIP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EIP Flagship	YES <input checked="" type="checkbox"/>		NO <input type="checkbox"/>
EIP Tags	YES		NO
transport	<input type="checkbox"/>		<input checked="" type="checkbox"/>
energy	<input checked="" type="checkbox"/>		<input type="checkbox"/>
environment, climate resilience	<input checked="" type="checkbox"/>		<input type="checkbox"/>
digital	<input checked="" type="checkbox"/>		<input type="checkbox"/>
economic development (incl. private sector, trade and macroeconomic support)	<input checked="" type="checkbox"/>		<input type="checkbox"/>
human development (incl. human capital and youth)	<input checked="" type="checkbox"/>		<input type="checkbox"/>
health resilience	<input type="checkbox"/>		<input checked="" type="checkbox"/>
migration and mobility	<input type="checkbox"/>		<input checked="" type="checkbox"/>
agriculture, food security and rural development	<input checked="" type="checkbox"/>		<input type="checkbox"/>
rule of law, governance and public administration reform	<input checked="" type="checkbox"/>		<input type="checkbox"/>

other	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags	YES		NO
digital connectivity	<input checked="" type="checkbox"/>		<input type="checkbox"/>
digital governance	<input checked="" type="checkbox"/>		<input type="checkbox"/>
digital entrepreneurship	<input checked="" type="checkbox"/>		<input type="checkbox"/>
digital skills/literacy	<input checked="" type="checkbox"/>		<input type="checkbox"/>
digital services	<input checked="" type="checkbox"/>		<input type="checkbox"/>
Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags	YES		NO
digital connectivity	<input checked="" type="checkbox"/>		<input type="checkbox"/>
energy	<input checked="" type="checkbox"/>		<input type="checkbox"/>
transport	<input type="checkbox"/>		<input checked="" type="checkbox"/>
health	<input type="checkbox"/>		<input checked="" type="checkbox"/>
education and research	<input type="checkbox"/>		<input checked="" type="checkbox"/>
Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### BUDGET INFORMATION

<b>13. Amounts concerned</b>	Budget line(s) (article, item): 16 06 03 Total estimated cost: EUR 142 500 000 Total amount of EU budget contribution EUR 142 500 000
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#### MANAGEMENT AND IMPLEMENTATION

<b>14. Implementation modalities (management mode and type of financing)</b>	<b>Direct management</b> through: - Grants - Twinning grants - Procurement <b>Indirect management</b> with the entity(ies) to be selected in accordance with the criteria set out in section 4.3.3
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### 1.2. Summary of the Action

Russia's unjustified and unprovoked war of aggression against Ukraine continues to cause damage and take a severe human, social and economic toll, with the overall reconstruction and recovery needs being estimated at around USD 480 billion at the end of 2023. The EU, its Member States (MS) and the European Financial Institutions have responded by stepping up the financial, budget support, humanitarian and military assistance to Ukraine, with over EUR 98.5 billion mobilised.

In December 2023, the EU leaders decided to open **accession negotiations** with Ukraine, after having granted the country with **EU candidate status** in June 2022. Despite the massive military effort undertaken, the Ukrainian Government has demonstrated outstanding resilience and, as the European Commission has noted

in its Ukraine 2023 Report within the Enlargement Package, the country has advanced significantly in the implementation of key EU accession-related reforms since it became a candidate country.

Against the backdrop of Russia's continued war of aggression against Ukraine and the latter's newly acquired status of EU candidate country, in March 2024, the EU put in place the **Ukraine Facility (UF)**, a EUR 50 billion instrument for the period 2024-2027 combining macro-financial assistance, investment incentives and technical assistance to cater for Ukraine's recovery, reconstruction and EU accession-related needs. The implementation of the UF will be guided by the **Ukraine Plan (UP)**, a medium-term economic growth strategy setting out reforms and investments in key areas.

Through the provision of technical assistance and capacity building to Ukraine's public authorities, this Action seeks to support Ukraine's progressive alignment to the EU *acquis* with a view to future EU membership as well as the implementation of the UP, while strengthening the country's resilience and capacity to respond to the impacts generated by Russia's war of aggression. More specifically, the Action will contribute to (i) strengthening the overall **capacity of the Ukrainian Government, the Verkhovna Rada and the local authorities to fulfil their obligations in relation to EU accession and the implementation of the UP**, thus advancing **reforms and legislative approximation with the EU** in the following policy areas: public administration and decentralisation; law enforcement; accountability for international crimes; digital transformation and cybersecurity; agriculture and land reform; corporate governance of State-owned enterprises; critical raw materials; energy; and climate and environment; (ii) enhancing Ukraine's resilience through **repairs of the infrastructure** required for the functioning of the country's energy system that has been damaged as a result of Russia's war; (iii) supporting **community level socio-economic recovery** through service provision as well as continuing empowering **civil society** to participate in the country's EU accession, recovery and reconstruction processes; and (iv) continuing the **communication of EU assistance** to Ukraine.

Altogether, the Action will contribute to pursuing the objectives of the **EU Enlargement Policy** as well as to advancing key **2019-2024 priorities of the European Commission**, such as the Green Deal, digital transformation, and 'A stronger Europe in the world'. It will furthermore be conducive to the implementation of the **Economic and Investment Plan (EIP)** and its flagships while advancing **Sustainable Development Goals (SDGs)** 5 (Gender Equality), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), 13 (Climate Action), 15 (Life on Land) and 16 (Peace, Justice and Strong Institutions).

## 2. RATIONALE

### 2.1. Context

Russia's unjustified and unprovoked **war of aggression against Ukraine** continues unabated, causing a great number of civilian casualties and damage to infrastructure, and taking a severe human, social and economic toll. As of end-December 2023, the country's total reconstruction and recovery needs have been estimated at about USD 480 billion, up from USD 411 billion estimated one year ago.<sup>1</sup> According to the International Organisation for Migration (IOM), nearly 3.7 million<sup>2</sup> persons are currently internally displaced because of Russia's war, while the United Nations Refugee Agency (UNHCR) estimates the number of refugees from Ukraine globally at around 6.5 million.<sup>3</sup>

In response, the EU, its MS and the European Financial Institutions have mobilised altogether over **EUR 98.5 billion** in support of Ukraine and its people. At the same time, a **Multi-agency Donor Coordination Platform**<sup>4</sup> to support Ukraine's repair, recovery and reconstruction processes has also been established. Co-

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<sup>1</sup> World Bank; Government of Ukraine; European Union; United Nations. 2024. Ukraine - Third Rapid Damage and Needs Assessment (RDNA3), February 2022 – December 2023. Washington, DC: World Bank. <http://hdl.handle.net/10986/41082>

<sup>2</sup> <https://dtm.iom.int/ukraine>

<sup>3</sup> <https://data.unhcr.org/en/situations/ukraine>

<sup>4</sup> European Commission – Press Release: Ukraine: Multi-agency Donor Coordination Platform for Ukraine kick-starts Work, READ/23/383, 26 January 2023

chaired by the EU, Ukraine and the United States, the Platform facilitates close coordination among international donors and international financial institutions hence contributing to providing coherent, transparent and accountable support. With the set-up of the **EU-Ukraine Solidarity Lanes**,<sup>5</sup> an Action Plan establishing alternative logistics routes to the Black Sea via rail, road and inland waterways to keep Ukraine's trade routes open, the EU has furthermore provided a lifeline for Ukraine's economy, with an estimated total value of trade of around EUR 157 billion.<sup>6</sup> In the same vein, the EU has temporarily suspended all **customs duties, quotas and trade defence measures** on Ukrainian imports to the EU until 5 June 2024.<sup>7</sup>

In June 2022, Ukraine became a **candidate country for EU membership**,<sup>8</sup> and the EU leaders decided to open accession negotiations in December 2023.<sup>9</sup> As noted in the European Commission's 2023 Communication on EU Enlargement Policy of 8 November 2023,<sup>10</sup> Ukraine has undertaken **significant reform efforts** since it was granted candidate status and has taken measures to sustain those achievements. Besides, with the laws passed in December 2023 and February 2024, the country has made progress also in the implementation of the remaining steps outlined by the European Commission as necessary for the adoption of the Negotiating Framework (NF), namely concerning the anti-corruption architecture, the regulation of lobbying activities, and the legal framework on national minorities. The European Commission will continuously monitor the progress and compliance in all areas related to the opening of negotiations and report to the Council as necessary.

Ukraine finds itself in an **unprecedented situation**, having to fight against Russia's aggression to preserve its territorial integrity as well as manage the recovery, reconstruction and EU accession processes at the same time. EU membership remains the Government's top priority. Despite the immense military effort Ukraine is undertaking, the Government has demonstrated remarkable resilience and a firm commitment to continue implementing EU accession-related reforms.

Since 2014, EU assistance to Ukraine has been designed around the mutual commitments stipulated in the **Association Agreement (AA)** and its **Deep and Comprehensive Free Trade Area (DCFTA)** – fully in force since 2017 – and implemented through Special Measures (2014-2017), a Single Support Framework (SSF) (2018-2020) and a Multi-annual Indicative Programme (MIP) (2021-2027), funded under the (former) European Neighbourhood Instrument (ENI) and the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-GE). With Russia's war of aggression and Ukraine's recently acquired EU candidate status, the EU assistance strategic and financial frameworks have been redesigned to cater for the country's recovery, reconstruction and EU accession needs in a predictable and flexible manner, in line with the EU's own priorities and values. In March 2024, the EU put in place the **UF**,<sup>11</sup> a EUR 50 billion instrument for the period 2024 to 2027, structured around three pillars: i) financial support for the delivery of reforms and investments as well as to maintain the macro-financial stability of the country; ii) an Investment Framework to support investments and provide access to finance; and iii) technical assistance

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<sup>5</sup> Communication from the European Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions COM(2022) 217 final of 12.5.2022

<sup>6</sup> [https://eu-solidarity-ukraine.ec.europa.eu/eu-assistance-ukraine/eu-ukraine-solidarity-lanes\\_en](https://eu-solidarity-ukraine.ec.europa.eu/eu-assistance-ukraine/eu-ukraine-solidarity-lanes_en)

<sup>7</sup> Regulation (EU) 2023/1077 of the European Parliament and of the Council of 31 May 2023 on temporary trade-liberalisation measures supplementing trade concessions applicable to Ukrainian products under the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part, OJ L 144, 5.6.2023

<sup>8</sup> European Council meeting (23 and 24 June 2022) – Conclusions, EUCO 24/22

<sup>9</sup> European Council Meeting (15 December 2023) – Conclusions, EUCO 20/23

<sup>10</sup> Communication from the European Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions COM(2023) 690 final of 8.11.2023

<sup>11</sup> Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility, OJ L 2024/792, 29.02.2024.

for EU accession-related reforms. The UF is underpinned by the **UP**, a medium-term economic growth strategy, developed by the Ukrainian Government with the involvement of the *Verkhovna Rada* and in consultation with the relevant stakeholders, setting out reforms and investments in 15 sectors: Public administration, Public finance management, Judiciary, Fight against corruption and money laundering, Financial market, Management of public assets, Human capital, Business environment, Decentralisation and regional policy, Energy sector, Transport, Agri-food sector, Management of critical raw materials, Digital transformation, Green transition and environmental protection. Assistance under the third pillar (Union accession assistance and related support measures) of the UF shall also contribute to the implementation of the UP.

With this Action, the EU will support Ukraine's progressive alignment to the EU *acquis* with a view to future EU membership as well as the implementation of the UP, while strengthening the country's resilience and capacity to respond to the impacts generated by Russia's war of aggression. To this end, aid has been structured around the provision of **technical assistance and capacity building** for EU accession and UP implementation as well as **support to civil society**. Under the former work stream, the Action will support the relevant Ukrainian authorities in fulfilling their tasks and obligations linked to EU accession and the implementation of the UP, as well as to advance reforms and legislative approximation with the EU in selected policy areas (see Section 2.2). Support will also target the energy sector to help enhance Ukraine's resilience in this strategic field through the repair of damaged infrastructure. Under the latter, it will support the engagement of civil society, media and other relevant non-governmental partners in the country's EU accession, UP implementation and recovery processes. An allocation for the continuation of the communication of EU assistance to Ukraine has also been foreseen.

In pursuing the previously mentioned objectives, and within the framework of the **EU Enlargement policy**, the Action will contribute to advancing key **2019-2024 priorities of the European Commission**, such as the Green Deal, digital transformation, and 'A stronger Europe in the world,' in full alignment with the **European Council's Conclusions** of 15 December 2023 highlighting the importance of enlargement as "[...] a geo-strategic investment in peace, security, stability and prosperity,"<sup>12</sup> as well as the **EU Global Strategy**.<sup>13</sup> Support will in addition contribute to the implementation of the Economic and Investment Plan (EIP) and its flagships while advancing **Sustainable Development Goals (SDGs)** 5 (Gender Equality), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), 13 (Climate Action), 15 (Life on Land) and 16 (Peace, Justice and Strong Institutions). The Action will furthermore support the implementation of key **Ukrainian strategies** such as the Action Plan to implement the recommendations of the 2023 European Commission Enlargement Report<sup>14</sup> and the 2024 Government Priorities Action Plan.<sup>15</sup> The Action will build on the results achieved under previous assistance frameworks, notably the previously mentioned Special Measures in favour of Ukraine, the SSF 2018-2020 and the MIP 2021-2027, taking stock of the recent mid-term review of the latter. Finally, assistance will be coordinated with the EU MS as well as other key international donors and partners, both via the Multi-Agency Donor Coordination Platform in Brussels and locally in Kyiv in the established fora (Heads of Cooperation, EU Development Counsellors and sectoral Working Groups meetings).

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<sup>12</sup> European Council Meeting (15 December 2023) – Conclusions, EUCO 20/23

<sup>13</sup> [https://www.eeas.europa.eu/eeas/global-strategy-european-unions-foreign-and-security-policy\\_en](https://www.eeas.europa.eu/eeas/global-strategy-european-unions-foreign-and-security-policy_en)

<sup>14</sup> <https://www.kmu.gov.ua/npas/pro-zatverdzhennia-planu-zakhodiv-z-vykonannia-rekomendatsii-ievropeiskoi-komisii-predstavlenykh-u-t90224>

<sup>15</sup> <https://www.kmu.gov.ua/npas/pro-zatverdzhennia-planu-priorytetnykh-dii-uriadu-na-2024-rik-137r-160224>

## 2.2. Problem Analysis

### Short problem analysis

#### *Technical assistance and capacity building for EU accession and UP implementation*

With the granting of EU candidate status, Ukraine needs to create a more efficient and sustainable system of coordination and implementation of the reform process. Both, the legislative and the executive branches of the State will need to adapt their procedures, structures and staff competences to the requirements of the EU accession process. They will therefore necessitate substantial **capacity building for the accession process and support in legal approximation**, including cooperation between Ukrainian administration and EU MS institutions and bodies through peer-to-peer learning, coaching, training or advisory support.

The **public administration reform (PAR)** is the cornerstone of Ukraine's national reconstruction process and its integration into the EU as being part of the fundamentals of the EU accession process. The EU has been Ukraine's main partner on PAR since several years. Whereas the legal and institutional framework for a modern public administration is mostly in place, it is not yet fully implemented. Ukraine has elaborated its PAR strategies shaped around the OECD/SIGMA principles of public administration; nonetheless, further sustained efforts are required, especially for building the capacity to elaborate and implement policies and legislation, in particular linked to the pre-accession and reconstruction processes.

The **decentralisation** reform plays a key role in the enlargement agenda. Moreover, in the current context of Russia's war of aggression, with municipalities acting as a pillar of state resilience in mobilising bottom-up support, re-setting basic social services and receiving large numbers of internally displaced persons, the enhancement of the decentralisation reform continues to be particularly relevant. Regional and local authorities play a pivotal role in implementing around 70% of the EU *acquis*, and the major challenges in socio-economic recovery and repairing, reconstructing and replacing damaged and destroyed objects under local ownership (schools, clinics, social housing, local roads, water supply, sewage, waste, etc.). However, there is a limited progress in crucial legislative files and the systematic involvement of local authorities and associations in policy design and implementation needs still to be strengthened. Therefore, support to keep strengthening the multi-level governance system and the decentralisation is still necessary in Ukraine.

Ukraine already cooperates with the EU in the fight against organised crime and terrorism, and on judicial, police and customs, having some level of preparation to implement the EU *acquis* in these areas. Russia's full-scale invasion of Ukraine and the martial law regime introduced in response have had a profound impact in this sector. **Law enforcement** agencies are heavily involved in protecting the population and critical infrastructure, and continue to demonstrate strong resilience and determination to deliver on their mandates. However, multiple shortcomings persist, many of which predate Russia's full-scale invasion. The legal and strategic framework is underdeveloped; integrity and accountability mechanisms need further strengthening across the sector; and institutional cooperation and coordination remain weak. The overarching strategic plan for the law enforcement sector was adopted, while the preparation of a credible implementation plan is still underway. In this regard, new support is needed, with special focus on strengthening the legal framework and operational capacities to fight organised crime including the smuggling of small arms, and to fight financial crimes and protect the economic interests of Ukraine.

**Digital transformation** plays a central role in Ukraine's reforms, being an enabler for the efficient state and economic growth. Resilient digital transformation requires special emphasis on cybersecurity and, in the conditions of Russia's full-scale war against Ukraine, it is especially important to increase the cyber resilience of the State. Support should aim at updating the country's cybersecurity system, elevating the institutional capacity and critical infrastructure protection capabilities of the State Service of Special Communications and Information Protection and other key players. Continued EU support is also needed to align Ukrainian legislation with the newly adopted EU *acquis* in the digital sector.

The integration of Ukraine into the EU Digital Single Market, including internal market treatment, would be possible with further alignment of policies and legislation. In particular, the effective independence and



capacity of the Telecom Regulator is important for the functioning of the telecommunications and digital market in Ukraine and to align Ukraine's competitive landscape to EU standards.

Continued support for the **socio-economic recovery** of war-affected communities and population across Ukraine is necessary in order to ensure that local authorities are reconstruction-ready, with adequate processes, mechanisms, platforms, systems and capacities in place to deliver assistance with international standards of accountability and transparency; and that community security and integration, access to key public services, and local economic initiatives and employment opportunities are enhanced and modernised to support community recovery as well as the return of internally displaced persons (IDPs) and refugees.

Ukraine remains one of the world's largest **agriculture** commodities' exporters. However, poverty rates in rural areas are aggravating following the large-scale Russian invasion as small farms are not well integrated into commercial agriculture value chains and have a scarce access to state support and banking services, which largely impedes their development. Within the framework of the EU accession process, further support is needed in harmonising legislation with the EU *acquis*, focusing on animal health and phytosanitary measures, and in building institutional and administrative capacity, preparing for EU Food Safety, Common Agriculture and Common Fisheries policies. The Action will also include support to the land reform and strengthen finance management capacities of the national administration through established EU-style state support schemes to increase access to finance for small-scale farms. As of today, the problem of land contamination with mines and other explosive objects is relevant for many agri-food producers, especially in the regions of Ukraine most affected by hostilities. The Ukrainian authorities would need to strengthen their capacities to address large-scale contamination caused by land mines and explosive remnants of war and release land for productive use.

Strengthening the system for the provision of **social services** is necessary as the number of people requiring them is growing, and will continue to grow. Support should be focused at the community level, ensuring the transition of war veterans from military to civilian life, healthcare resilience and rehabilitation, strengthening labour market functioning and inclusion, improving education and skills, and deinstitutionalisation of alternative care. The action will also contribute further to Ukraine's approximation to the EU *acquis* in these areas, as well as help develop Ukraine's capacity to eliminate the social and economic consequences of the war and strengthen its human capital.

**State-owned enterprises (SOEs)** in Ukraine play a predominant role in the economy of the country, including in energy, transport and infrastructure. They are the largest employer in Ukraine; the main recipient of State aid, and the main providers of key public services. Reforming the SOE sector and improving its corporate governance practices would play a key role in the modernisation of Ukrainian economy. It would improve the level playing field with private companies, reduce fiscal risks for the state, help the country attract foreign capital and contribute to curbing corruption. The Action aims to improve the transparency and the corporate governance of the SOE sector and help the country align with the EU *acquis* on State aid, which is important for the EU accession process.

The development of extraction and processing capacities of **critical raw materials** is one of the priorities of cooperation between the EU and Ukraine, and the Strategic Partnership on Raw Materials signed in 2021 includes the assessment of strategic extracting projects, analysis of Ukraine's exploration plans, higher investments in research, innovation and skills and protection of the environment by promoting the circularity and sustainability of raw materials.

The Ukrainian defence industry is emerging as one of the engines of the country's technological innovation, with positive spill over applications to other industrial sectors and job creation. As such, the innovation activities of the Ukrainian defence industry could contribute to Ukraine's recovery, reconstruction and modernisation.

Over the past years, Ukraine has achieved a good progress in the approximation with the EU **energy** *acquis*. However, further alignment is needed to ensure the integration of Ukrainian energy markets into the EU ones and bring its legal framework in the electricity sector in line with the requirements of the Clean Energy

Package. The emergency synchronization of Ukraine's power grid with continental Europe and the gradual increase of commercial exchanges between Ukraine and the EU contributed to a stable and secure operation of the Ukrainian electricity system and created the prerequisites for further integration with the EU electricity markets. Still, the provision of technical support related to market coupling and a strengthening of the independence of the energy regulator is important for the liberalization of energy prices in Ukraine and further integration of EU-Ukraine trade areas.

Ukraine remains one of the most carbon- and resource-intensive economies in the world, in spite of the substantial industrial decline since 1990. The Russian aggression against Ukraine resulted in about 150 million of extra CO<sub>2</sub> emitted into the atmosphere, which underscores the urgency of advancing both climate change mitigation and adaptation measures. The UP envisages a large number of priority reforms in the **environment and climate** area, including the adoption and implementation of a climate law, the establishment of a national emissions trading system, the adoption of a circular economy strategy, and safe management of ozone-depleting substances and fluorinated greenhouse gases. Further EU support to these reforms would be necessary.

#### *Support for energy resilience*

Ukraine faces significant challenges with a dramatic **electricity generation loss** in the first quarter of 2024, including targeted attacks that have destroyed generating capacities and the electricity grid. The anticipated winter deficit is also expected to be significant, depending on the weather conditions. Ukraine lacks reserve capacity to meet peak electricity demand and relies on daily emergency support, while plans to increase imports from neighbouring countries are underway.

#### *Civil society, human rights and media*

As highlighted in the Ukraine 2023 Report, Ukraine's vibrant **civil society** and human rights activists have remained engaged in reform processes despite the Russian military aggression and fulfil critical functions, well beyond the provision and monitoring of basic services. However, inevitably, Russia's war of aggression and the subsequent imposition of martial law have led to a shrinking space for human rights. For Ukraine's successful path to EU accession, an effective and substantive involvement of the civil society will be of paramount importance. The respect for **fundamental rights** will be a substantial part of the EU accession process. There will be a growing need to provide capacity building to grassroots as well as small to medium CSOs and also designated funding for engagement in strategic sectors of EU integration in order to capacitate civil society to continue their participation in various roles in the rebuilding, recovery and reconstruction of the country. In this context, the Action will support activities in the fields of rehabilitation and reconstruction, the strengthening of communities, diversity and social cohesion, and European integration. Furthermore, it will contribute to the protection of human rights in Ukraine, including the rights of persons belonging to national minorities, as well as to supporting further development of independent **media** and counteracting disinformation.

#### Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action.

##### Target beneficiaries:

- Ukrainian Government, as the authority responsible for steering the EU accession and UP implementation and recovery processes in the country, the *Verkhovna Rada*, and the judiciary;
- Ukrainian local authorities under the Ukrainian Government as key actors in the provision of services to the population as well as stakeholders in EU-supported flagship reforms such as the decentralisation one;
- Economic operators (e.g. businesses, farmers, media, energy, and municipal services operators) in light of their fundamental contribution to the country's socio-economic recovery and economic growth, e.g. as employment providers, etc.; and

- Civil society organisations on accounts of their critical governance role in terms of their contribution to shaping and overseeing the implementation of government policy as well as their equally important role in the provision of services to the population, upholding of human rights, promotion of culture, etc.

Final beneficiaries:

- Ukraine’s population at large, who will benefit from a more modern, efficient and resilient state – closer to the EU.

### 2.3. Lessons Learned

The Action has been designed taking account of the lessons learned from the implementation of previous assistance aimed at enhancing the capacity of the Ukrainian Government to pursue reforms, namely the Technical Cooperation Facilities 2015-2020 as well as actions targeting the public administration reform and capacity building under sectoral programmes funded under the ENI and NDICI-GE.

Firstly, one of the main lessons learned from previous EU assistance is that **high-level political support** to the reform agenda needs to exist in the Government and in the Parliament. To this end, the Action will promote a strategic approach to the provision of assistance on the basis of the UP and the European Commission’s annual Reports on Ukraine’s progress in conforming to the EU *acquis*, as well as the Government Priorities Action Plan. In practice, this means that individual projects shall be directly linked to clearly identified UP reforms/Government priorities and/or contribute to addressing specific recommendations from the previously mentioned progress Reports. In the areas involving several institutions, it is essential to establish mechanisms of enhanced coordination to maximise results and optimise the use of funds.

Secondly, the implementation of capacity building activities with government institutions depends on the **successful implementation of the PAR** in terms of ensuring strategic management, stability of senior and middle level civil servants, clear division of tasks and sufficient budget allocations. Ongoing EU support to the PAR will prove essential in this regard.

Thirdly, new legislation and policy need to be evidence-based, costed and subject to appropriate **internal and external stakeholder consultations** at the right time of the legislative and policy-making processes. This is key to ensuring the implementation and enforcement of the adopted policies and legislation. In this regard, the EU will continue to support an inclusive civil society and private sector engagement in the reform process by strengthening their capacity to constructively play their advisory and oversight roles.

Lastly, over two years into Russia’s war of aggression, the implementation of EU assistance has shown the need for **greater flexibility** to enable the EU and its partners to respond to changing needs and priorities. This approach will also facilitate the (re)calibration of assistance on Ukraine’s (evolving) EU accession-related needs as the country progresses in aligning with the EU *acquis*.

## 3. DESCRIPTION OF THE ACTION

### 3.1. Objectives and Expected Outputs

The **Overall Objective (Impact)** of this Action is to support Ukraine’s progressive alignment to the EU *acquis* with a view to future EU membership as well as the implementation of the UP, while strengthening the country’s resilience and capacity to respond to the impacts generated by Russia’s war of aggression.

The **Specific Objective (Outcome)** of this Action is that the capacity of Ukraine’s public authorities to implement reforms, deliver services for the population, pursue the recovery effort and accountability for international crimes is strengthened together with the capacity of civil society and media to contribute to those processes.

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objective (Outcome) are:

- 1.1 The institutional and administrative capacity of Ukraine's public authorities to coordinate and implement reforms, deliver services, pursue the country's recovery and accountability for international crimes is strengthened;
- 1.2 Energy infrastructure damaged as a result of Russia's war of aggression is repaired;
- 1.3 The capacity of civil society organisations and media to participate in the reform, service provision and recovery processes, in the promotion of human rights, gender equality, rights of persons belonging to national minorities, culture, diversity and social cohesion of the Ukrainian society is strengthened;
- 1.4 The Ukrainian population's awareness of the EU support is increased.

The objectives of the Action contribute to the general objectives of the EIP, which are:

- Investing in enhanced transport connectivity;
- Investing in digital transition - focus on infrastructure and digital services and skills, including for public administrations;
- Investing in sustainable energy;
- Investing in environmental and climate resilience;
- Investing in health resilience – focus on upgrading health systems;
- Investing in people and knowledge societies: focus on human capital.

### **3.2. Indicative Activities**

Activities related to Output 1.1:

- Technical assistance, training, policy advice, small works as well as equipment to Ukraine's public authorities are provided.

Activities related to Output 1.2:

- Provision of services and procurement of equipment and materials to repair the energy infrastructure.

Activities related to Output 1.3:

- Training and financial support for civil society organisations, activists and media outlets are provided.

Activities related to Output 1.4:

- Awareness raising campaigns and other activities to ensure the visibility of EU support are implemented.

### **3.3. Mainstreaming**

#### **Environmental Protection, Climate Change and Biodiversity**

#### **Outcomes of the Environmental Impact Assessment (EIA) screening**

The EIA screening classified the action as Category C (no need for further assessment).

#### **Outcome of the Climate Risk Assessment (CRA) screening**

The CRA screening concluded that this action is no or low risk (no need for further assessment).

#### **Gender equality and empowerment of women and girls**

As per OECD Gender DAC codes identified in section 1.1, this Action is labelled as G1. This implies that, at the level of implementing contracts, implementing partners will ensure compliance with gender equality standards, including promoting the presence of more women in public administration top management

positions and ensuring equal pay, as well as establishing monitoring mechanisms allowing data disaggregation by gender. The principle of gender equality will also be mainstreamed in the support to the social sector, e.g. policy development and legal approximation to the EU in the area of employment, as well as in the activities targeting social service delivery at community level.

### **Human Rights**

The Action will be implemented in line with the human rights-based approach and according to the principles of leaving no one behind and reaching the furthest behind first. Through its support to reforms, in particular those within the remit of the ‘Fundamentals’ cluster of the EU *acquis*, the Action will furthermore contribute to building/strengthening the capacity of State actors (duty bearers) to promote and protect human rights. At the same time, rights-holders will be empowered, through communication and awareness-raising campaigns, to claim their rights. The Action will also promote accountability and transparency in policy making and in the administration of justice as well as access to information. The Action will in addition be responsive to the specific needs and rights of the most vulnerable groups, such as women and children, the elderly, persons with disabilities, minorities, the internally displaced, returnees and veterans, most notably as far as social policies (e.g. employment) and service delivery are concerned.

### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this Action is labelled as D1. This implies that the Action will promote the rights, social inclusion and/or empowerment of persons with disabilities, including their independent living. While this approach will be mainstreamed in the implementation of the whole of the Action, it will be particularly evident in relation to the support to social sector reforms, to the provision of social services through a community-based approach, and to civil society organisations (including organisations of persons with disabilities), which are among the target beneficiaries of the Action.

### **Democracy**

By seeking to enhance the accountability of institutions as well as legislation and policy making transparency through a progressive alignment with the relevant EU legislation and standards, in particular under the ‘Fundamentals’ cluster of the EU *acquis*, the Action will contribute to strengthening the democratic process, including through a more systematic participation of the civil society in policy development and monitoring.

### **Conflict sensitivity, peace and resilience**

By seeking to increase the institutional and administrative capacities of Ukraine’s public authorities, the Action will contribute to building a more resilient state, which is able to withstand the impact of Russia’s war of aggression, cushion its socio-economic effects, seek accountability, and pursue reforms for EU accession at the same time. In parallel, by contributing to strengthening the social service delivery capacity at community level, the Action will contribute to increasing the resilience of the Ukrainian population, ultimately helping ease (potential) social tensions.

### **Disaster Risk Reduction**

By supporting reforms in the environmental sector, the Action will contribute to increasing the capacity of the Ukrainian authorities to prevent and effectively respond to environmental disasters, including those induced by Russia’s war of aggression. At the same time, the Action will contribute to mitigating natural or man-made disaster risks by contributing to increasing individual resilience and coping capacity through a more developed and efficient social sector able to deliver better services to the population as well as by increasing the preparedness and response capacity of civil society organisations and civil protection services.

### 3.4. Risks and Assumptions

Category <sup>16</sup>	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
1	Russia's war of aggression protracts and security conditions in Ukraine deteriorate further, impeding the implementation of the planned activities.	High	High	Continued monitoring of the Action to adjust activities to the new conditions and reprioritise them as needed, including by maintaining on stand-by the activities that cannot be implemented until appropriate conditions are in place.
1	The protracted war, and ensuing prolonged military effort, diverts the focus (and resources) of Ukraine's Government from reforms.	Medium	High	Continued support to Ukraine's government through technical and financial assistance as well as policy dialogue.
1	Change of government may cause staff turnover in ministries and loss of trained professionals.	Medium	Medium	Ongoing public administration reform aiming to enhance stability of senior and middle level civil servants and reduce staff turnover.
4	Corruption schemes endangering the legality of the use of EU funds develop as a consequence of Russia's war of aggression.	Medium	High	Rigorous oversight measures will be put in place throughout the implementation of the Action at contract level.

#### External Assumptions

- Russia's war of aggression remains contained within its existing boundaries and does not impact in a life-threatening manner the staff involved in the implementation of the Action.

<sup>16</sup> The risk (category) can be related 1-to the external environment; 2-to planning, processes and systems; 3-to people and the organisation; 4-to legality and regularity aspects; 5-to communication and information.

- Ukraine’s Government remains resilient as well as willing and able to continue to fulfil its leading role in the reform process;
- Reforms remain a priority for Ukraine’s Government and sufficient resources (human, financial, technical) to implement them continue to be available; and
- Civil society remains resilient and engaged in the reform process.

### **3.5. Intervention Logic**

The underlying intervention logic for this Action is that, if technical assistance, training, policy advice, small works as well as equipment are provided to Ukraine’s public authorities, and if Russia’s war of aggression remains contained within its existing boundaries and does not impact in a life-threatening manner the staff involved in the implementation of the Action, then the institutional and administrative capacity of Ukraine’s public authorities to coordinate and implement reforms, deliver services, pursue the country’s recovery and accountability for international crimes will be strengthened. Likewise, if training and financial support are provided to civil society organisations, activists and media outlets, and they remain sufficiently resilient and engaged, then their capacity to participate in the reform, service provision and recovery processes, in the promotion of human rights, gender equality, rights of persons belonging to national minorities, diversity and social cohesion of the Ukrainian society will be strengthened. If the reform and service delivery capacity of Ukraine’s public authorities is strengthened together with the capacity of civil society organisations and the media to participate in those processes, and if EU accession remains a priority for the Ukrainian Government and the necessary human, financial and technical resources continue to be available, then Ukraine will advance in the alignment of its legislation with the EU *acquis* in view of EU accession, in the implementation of the UP, and ultimately in its recovery path.

### **3.6. Indicative Logical Framework Matrix**



Results	Results chain: Main expected results [maximum 10]	Indicators [it least one indicator per expected result]	Baselines (values and years)	Targets (values and years)	Sources of data	Assumption s
<b>Impact 1</b>	To support Ukraine's progressive alignment to the EU <i>acquis</i> with a view to future EU membership as well as the implementation of the UP, while strengthening the country's resilience and capacity to respond to the impacts generated by Russia's war of aggression.	The number of reforms implemented every year in the areas identified in the 2023 and subsequent Enlargement Reports and Ukraine Plan in the areas targeted by this Action	2024 - assessment of reform implementation status	2027 – progress in reform implementation	EU Enlargement Package and Ukraine Plan implementation Reports	<i>Not applicable</i>
<b>Outcome 1</b>	Strengthened capacity of Ukraine's public authorities to implement reforms, deliver services for the population, pursue the recovery effort and accountability for international crimes together with the capacity of civil society and media to contribute to those processes.	1.1 Number of state institutions and non-state actors supported by the EU in the areas covered by this Action	2024 – to be defined at the level of individual contracts	2027 – to be defined at the level of individual contracts	Projects' Terms of reference / Description of the action defining targets  Projects' progress reports	Russia's war of aggression remains contained within its existing boundaries and does not impact in a life-threatening manner the staff involved in the implementation of the Action.  Reforms remain a priority for Ukraine's Government and sufficient resources (human, financial, technical) to implement them continue to be available.

<p><b>Output 1 related to Outcome 1</b></p>	<p>1.1 The institutional and administrative capacity of Ukraine’s public authorities to coordinate and implement reforms, deliver services, and pursue the country’s recovery is strengthened.</p>	<p>1.1.1 Number of legal acts adopted to transpose the EU <i>acquis</i> into national law in the areas covered by this Action through EU support</p> <p>1.1.2 Number of Ukraine Plan reforms implemented</p> <p>1.1.3 Number of people directly benefiting from EU-supported interventions that aim to reduce social and economic inequality</p>	<p>1.1.1 To be defined at the level of individual contracts [2024]</p> <p>1.1.2 To be defined at the level of individual contracts [2024]</p> <p>1.1.3 0 [2024]</p>	<p>1.1.1 To be defined at the level of individual contracts [2027]</p> <p>1.1.2 To be defined at the level of individual contracts [2027]</p> <p>1.1.3 To be defined at the level of individual contracts [2027]</p>	<p>1.1.1 – 1.1.3 Projects’ Terms of reference / Description of the Action defining targets</p> <p>Projects’ progress reports</p> <p>Project’s progress reports</p>	<p>Ukraine’s Government remains resilient as well as willing and able to continue to fulfil its leading role in the reform process.</p>
<p><b>Output 2 related to Outcome 1</b></p>	<p>1.2 Energy infrastructure damaged as a result of Russia’s war of aggression is repaired.</p>	<p>1.2.1 Number of objects of energy infrastructure repaired with EU support</p>	<p>1.2.1 0 [2024]</p>	<p>1.2.1 To be defined based on needs [2027]</p>	<p>1.2.1 Individual project records</p>	<p>Russia’s war of aggression remains contained within its existing boundaries and does not impact in a life-threatening manner the staff involved in the implementation of the Action.</p>
<p><b>Output 3 related to Outcome 1</b></p>	<p>1.3 The capacity of civil society organisations and media to participate in the reform, service provision and recovery processes, in the promotion of human rights, gender equality, rights of persons belonging to national minorities, culture, diversity and social</p>	<p>1.3.1 Number of grassroots civil society organisations benefitting from (or reached by) EU support</p> <p>1.3.2 Number of government policies developed or revised with civil society organisation participation through EU support</p>	<p>1.3.1 0 [2024]</p> <p>1.3.2 0 [2024]</p>	<p>1.3.1 [2027] – To be determined at project inception phase</p> <p>1.3.2 [2027] – To be</p>	<p>Monitoring reports at project level</p>	<p>Civil society remains resilient and engaged in the reform process.</p>

	cohesion of the Ukrainian society is strengthened.			determined at project inception phase		
<b>Output 4 related to Outcome 1</b>	1.4 The Ukrainian population's awareness of the EU support is increased.	1.4.1 Proportion (%) of the population expressing awareness of EU support	1.4.1 79% [2023]	1.4.1 [2027] To be determined at project inception phase	Monitoring reports at project level and ad hoc surveys	Russia's war of aggression remains contained within its existing boundaries and does not impact in a life-threatening manner the staff involved in the implementation of the Action

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Financing Agreement**

In order to implement this action, it is envisaged to conclude a financing agreement with Ukraine.

### **4.2. Indicative Implementation Period**

The indicative operational implementation period of this action, during which the activities described in section 3.1 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this financing Decision and the relevant contracts and agreements.

### **4.3. Implementation Modalities**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>17</sup>.

#### **4.3.1. Direct Management (Grants)**

##### **4.3.1.1. Grants**

###### **a) Purpose of the grant(s)**

The grants will contribute to achieving Outputs 1.1, 1.2 and 1.3.

###### **b) Type of applicants targeted**

- Relevant public bodies;
- Local authorities;
- Civil society organisations, including EU strategic partners for capacity building of civil society organisations, and media outlets.

###### **(c) Justification of a direct grant**

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to eligible applicants selected using the following criteria:

- Management and operational capacity; and
- Specific expertise and prior experience in the selected field of support.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because of the crisis situation (referred to in Article 2(21) of the Financial Regulation) caused by Russia's war of aggression against Ukraine.

The part of the action under the budgetary envelope reserved for grants may, partially or totally and including where an entity is designated for receiving a grant without a call for proposals, be implemented in indirect management with an entity, which will be selected by the Commission's services using the criteria defined in section 4.3.3 below.

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<sup>17</sup> [EU Sanctions Map](#). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

#### **4.3.1.2. Twinning Grants**

##### **a) Purpose of the grant(s)**

The Twinning grants aim to increase the institutional and administrative capacities of Ukraine's public authorities. They will contribute to achieving Output 1.1.

##### **b) Type of applicants targeted**

Applicants must be EU Member State administrations or their mandated bodies.

#### **4.3.2. Direct Management (Procurement)**

Procurement aims to support Ukraine's public authorities as well as ensure visibility of EU support. It will contribute to achieving Outputs 1.1 and 1.4.

#### **4.3.3. Indirect Management with a pillar-assessed entity**

A part of this action may be implemented in indirect management with pillar-assessed entities, which will be selected by the European Commission's services using the following criteria:

- management and operational capacities; and
- specific expertise and prior experience in the selected field of support.

The implementation by these entities entails activities contributing to Outputs 1.1.

#### **4.3.4. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances**

- If the implementation modality under indirect management as defined in section 4.3.3 cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by grants under direct management would be used according to the following section 4.3.1.
- If the implementation modality under indirect management as defined in section 4.3.3 cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by procurements under direct management would be used according to section 4.3.2.
- If the implementation modality under direct management as defined in section 4.3.1 (grants) or 4.3.2 (procurements) cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by indirect management with a pillar-assessed entity would be used according to section 4.3.3.

#### **4.4. Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 11(8) Ukraine Facility Regulation).

## 4.5. Indicative Budget

<b>Indicative Budget components</b>	<b>EU contribution (amount in EUR)</b>
<b>Implementation modalities</b> – cf. section 4.3	
Grants (direct management) – total envelope under section 4.3.1	65 000 000
Procurement (direct management) – total envelope under section 4.3.2	27 500 000
Indirect management with entrusted entities – cf. section 4.3.3	45 700 000
<b>Evaluation</b> – cf. section 5.2	300 000
<b>Audit</b> – cf. section 5.3	
<b>Strategic communication and Public diplomacy</b> – cf. section 6	4 000 000
<b>Totals</b>	<b>142 500 000</b>

## 4.6. Organisational Set-up and Responsibilities

The EU Delegation will be responsible for the overall management of the Action and will ensure that the necessary organisational structures be set up at the level of individual contracts as per the activities described in Section 3.2. Detailed terms of reference/descriptions of the actions outlining the management structure, the experts' team and the composition of the steering committee in charge of the supervision of the project will be developed for each individual activity. It will be ensured that the interests of all the relevant stakeholders – including those of vulnerable and marginalised groups – are represented in the project governance bodies that will be set up under this Action.

On the Ukrainian side, the Cabinet of Ministers of Ukraine acts as a coordinator of the overall EU assistance. The Government Office for Coordination of European and Euro-Atlantic Integration will ensure overall coherence and monitoring of activities in the areas related to EU accession. The Ministry of Economy will lead on and coordinate the implementation of the UP. The Ministry for Communities, Territories and Infrastructure Development of Ukraine (Ministry for Restoration) will oversee and coordinate recovery and reconstruction-related activities. Ministries and agencies being key stakeholders in the areas of support will be consulted in the process of design of individual activities and closely involved in the implementation and steering of the projects.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

## 5. PERFORMANCE MEASUREMENT

### 5.1. Monitoring and Reporting

Monitoring activities will aim to identify successes, problems and/or potential risks so that corrective measures are adopted in a timely fashion. Both types of internal monitoring will be undertaken in an inclusive way, involving key stakeholders.

### *Internal monitoring*

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of both the implementing partners' and Commission responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix.

In line with the European Commission rules and procedures, the Commission may undertake additional monitoring through its own staff.

### *External monitoring*

In line with the European Commission rules and procedures, the Commission may undertake additional monitoring through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

External monitoring is supported by both types of internal monitoring described above.

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring:

The Action will be implemented through a number of contracts with partners implementing the specific activities. While the implementing contracts are expected to contribute to the fulfilment of relevant indicators at Output level, the baselines will be defined in the Terms of Reference or Description of the Action for each contract. Implementing partners will be responsible for setting the relevant benchmarks, for the collection of data, monitoring and reporting at the contract level. The results achieved and recorded at the level of contracts will be used for measuring the overall progress at the level of outputs. SDG indicators and, if applicable, any jointly agreed indicators should be taken into account.

## **5.2. Evaluation**

Having regard to the nature of the action, a final evaluation(s) will be carried out for this action or its components via independent consultants.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the Action is a set of sub-actions all contributing to increasing Ukraine's reform capacity for EU accession and Ukraine Plan implementation.

The Commission shall form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national (representatives from the government, from civil society organisations (private sector, NGOs, etc.), etc.) levels. If deemed necessary, other donors will be invited to join. The Commission shall inform the implementing partner at least one month in advance of the dates envisaged for the evaluation exercise and missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

### **5.3. Audit and Verifications**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

## **6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY**

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [\*Communicating and raising EU visibility: Guidance for external actions\*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

Any actions related to communication and visibility will be coordinated with the strategic communication actions of the EU Delegation, to ensure coherence of narrative and message, as well as horizontal strategic communication.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.