

ANNEX 1 – ANNUAL ACTION PROGRAMME 2012 FOR UKRAINE PART 1

1. IDENTIFICATION

Title/Number	Framework Programme in support of EU-Ukraine Agreements CRIS: ENPI/2012/23714		
Total cost	EU contribution: EUR 27 million		
Aid method / Method of implementation	Project approach - Direct centralised management: - Joint management		
DAC-code	15110	Sector	Public Sector Policy and Administrative Management

2. RATIONALE

2.1. Sector context

The EU and Ukraine have completed negotiations on a new EU-Ukraine Association Agreement (AA), which will include a Deep and Comprehensive Free Trade Area (DCFTA). The AA was initialled on 30 March (including a preliminary initialling of the DCFTA). It will deepen Ukraine's political association and economic integration with the EU. More efficient institutions will be required to effectively implement the obligations stemming from the future AA and DCFTA and, more generally, to support and sustain ongoing and planned reforms in Ukraine.

The EU-Ukraine Association Agenda that entered into force on 24 November 2009 defines key reforms and cooperation areas with a view to prepare for and facilitate the entry into force of the AA.

In November 2010 the EU and Ukraine have signed a Protocol to the Partnership and Cooperation Agreement on a Framework Agreement on the general principles for the participation of Ukraine in Union programmes¹. This new agreement will further boost cooperation between EU and Ukraine and contribute to the strengthening Ukraine's institutions and aligning its legislation with the EU acquis. In November 2011 Ukraine prepared a priority list of EU programmes, based on which a Memorandum of Understanding concerning the ways and means of participation is to be negotiated. In this regard, Ukraine is likely to seek ENPI co-financing for participation in the selected priority programmes.

The Comprehensive Institution Building (CIB) programme launched under the Eastern Partnership aims at supporting capacity building in the institutions that play a central role in preparing ground for and implementing the future AA and DCFTA.

In Ukraine, the CIB programme addresses four reform challenges as outlined in the CIB Framework Document signed in October 2010: a) steering and implementation process for the AA and DCFTA; b) sanitary and phyto-sanitary capacity; c) capacity in state aid control; d) capacity in the field of migration and asylum.

¹ The protocol is available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:018:0003:0006:EN:PDF>

In line with the CIB concept, the Government has to approve an Institutional Reform Plan (IRP) in each CIB areas mentioned above. To date, only the IRP in migration area has been approved. The IRP on steering and implementation process for the AA, as well as on sanitary and phyto-sanitary capacity are currently being finalised before submission to the Government for adoption. The IRP in the area of state aid was postponed until the adoption of a special law on state aid (expected in 2012).

The national development framework is broadly defined by the Economic Reform Programme for 2010-2014² (ERP), adopted in June 2010. The ERP covers important policy goals related to sustainable economic development, improving social services, improving the business climate, modernising the infrastructure and improving efficiency of public administration.

The ERP was developed independently of the EU-Ukraine Association Agenda priorities for 2011-2012³ but many reform are common to both. The ERP also aims at preparing the ground for implementation of Ukraine's obligations under the future AA and DCFTA, including those sectors covered by the CIB programme.

The reform of public administration (PAR) is essential to make the CIB programme in Ukraine effective. Improvements in the field of civil service and administrative procedures will facilitate institutional strengthening in the sectors targeted by the CIB and the Association Agenda.

The EU aims to promote broad changes in the administrative culture, including governance aspects, efficient public finance management and service-oriented approach to the relationship with citizens and business.

This Programme will therefore focus on the two CIB sectors for which multi-annual IRPs are to be approved by the Government in the second half of 2012: a) the steering and implementation process for the AA; and 2) the sanitary and phyto-sanitary regulations.

The migration component of the CIB programme will be implemented through a separate sector programme targeting the overall migration and asylum policy in Ukraine. The capacity in state aid is planned to be addressed in the 2013 Annual Action Programme for Ukraine after the adoption of the relevant framework law and an IRP.

Furthermore, this Framework Programme will support other reform priorities in line with the EU-Ukraine Association Agenda and the future AA and DCFTA. In this regard, a special attention will be paid to private sector development, energy, reduction of large power plant pollution and management of household waste.

This Programme will also include a pilot project aimed at preparing the ground for and providing co-financing for Ukraine's participation in Union programmes in line with the above-mentioned Protocol between the EU and Ukraine.

The sector context related to the CIB areas is provided below.

² Unofficial translation in English is available at http://www.usubc.org/site/files/Ukraine_Program_of_Economic_Reforms_2010-2014.pdf

³ Available at: http://eeas.europa.eu/ukraine/docs/2011_12_eu_ukraine_priorities_en.pdf

2.1.1 Steering and implementation process for AA and DCFTA

Ukraine has confirmed its commitment the AA and the DCFTA. The mechanisms and strategies set up for this purpose are currently undergoing restructuring. Political and institutional decisions have been recently taken by the President and the Government with a view to accelerate EU-Ukraine cooperation, namely:

- new composition of the Coordination Council for Approximation of the Ukrainian Legislation to the Legislation of the EU under the chairmanship of the Prime Minister of Ukraine has been approved (governmental decree of 30.03.2011 No. 338);
- the Government's envoy on European Integration has been appointed by the Government decision of 13.07.2011 (No. 662);
- the Plan of priority measures as regard to Ukraine's integration to the EU has been adopted by the Government to speed up the issues related to the EU-Ukraine political and sector cooperation (decree of 29.06.11, No. 612);
- the Department for European Integration was created within the Presidential Administration as part of its restructuring in April 2011 (decree No. 352 of 4.05.2011) to support the fulfilment of the President's powers with regards to the European integration policy;
- the Department for European Integration was established within the Secretariat of the Cabinet of Ministers of Ukraine in order to support the Government's policy in this area.

The measures above show Ukraine's intention to include European integration coordination policy into the existing decision-making and implementation mechanisms that function within the current administrative framework. However, a policy making mechanism that will ensure effective implementation of the future AA and DCFTA is still to be designed and set in place.

To address this issue, a draft IRP in this field has been drafted by the Government with advice of the SIGMA programme. This IRP is expected to be approved in the second quarter of 2012.

2.1.2 Sanitary and phyto-sanitary regulation (food safety)

Bringing the Ukrainian system of sanitary and phyto-sanitary standards (SPS) in line with the EU acquis is part of the ERP. Each year's priorities are set out in the annual National Action Plans (NAP) for implementation of the ERP.

This sector is closely linked to the future DCFTA. Approximation of Ukrainian SPS norms to those in the EU is one of the measures foreseen in the Action Plan aimed at maximising advantages and minimising negative impact of the future DCFTA (Government decision of 15.06.2011 No. 548).

The new State Veterinary and Phyto-Sanitary Service (SVPS) was established by presidential decree of 9.12.2010. This Service is coordinated by the Minister of Agricultural Policy and Food. The regulation on the SVPS has been approved by presidential decree of 13.04.2011, No. 464. Senior officials of the SVPS have been appointed and the integration of personnel and facilities at regional level has started.

The Ministry of Agricultural Policy and Food is also undergoing restructuring in order to focus on policy-making and regulatory functions and to transfer other functions (service delivery, control, sub-sector regulation) to the relevant services, including the SVPS. The new regulation on the Ministry has been approved by presidential decree of 23.04.2011, No. 500.

The draft IRP in this area has been developed based on the above-mentioned policy documents. It is expected to be approved by the Government in the second quarter of 2012.

2.1.3 State aid control

Progress in reforming Ukraine's state aid system is linked to the fulfilment of Ukraine's future obligations under the DCFTA. State aid reform will also increase transparency of state aid allocation and use, minimize negative impact on competition and increase efficiency of the public finance management.

However, the development of state aid control mechanism is progressing slowly. In 2011, the Government has postponed the implementation of the Concept for the Reform of the State Aid for Economic Entities adopted in early 2010 until the adoption of a special law on state aid. The approval of the draft law by the Government is planned for the second half of 2012.

For the moment there is no public body with an overall responsibility for the state aid control and the relevant functions are split between three main bodies, namely, the Ministry of Economic Development and Trade, the Antimonopoly Committee and the Ministry of Finance.

In these conditions, the EU support to capacity building in this area through the CIB programme is pending the adoption of the framework law and a relevant IRP.

2.1.4 Migration

Migration is an important reform area, particularly, in the context of the Visa Dialogue and the implementation of the Agreement between the European Community and Ukraine on the readmission of persons.

On 22 November 2010, the Action Plan on Visa Liberalisation (VLAP) has been presented by the EU to Ukraine at the EU-Ukraine Summit.. The VLAP is structured under 4 blocks (Block 1 covers Document security, including biometrics, Block 2: covers border management, asylum and migration issues, including readmission, Block 3 covers public order and security and Block 4 External relations and fundamental rights).

The Ukrainian National plan to implement the VLAP was adopted by presidential decree of 22.04.2011, No. 494.

The State Migration Service (SMS) has been established by presidential decree in December 2010. The Service is coordinated by the Minister of Interior and its responsibility will include citizenship, immigration, registration of physical persons and migration issues linked to the legislation on refugees.

Ukraine has also taken a number of policy decisions in migration area:

- an inter-agency commission on migration policy established by order of the SMS on 23 December 2011;
- the Concept (Strategy) on the state migration policy approved by presidential decree of 30.05.2011, No 622;
- the Action Plan to implement the Concept of state migration policy established by the Government's decision (of 12.10.2011 No 1058)

The above-mentioned Action Plan to implement the Concept of state migration policy includes key measures related to the institutional building in this area. It is therefore considered as an Institutional Reform Plan (IRP) in the context of the CIB programme.

The EU support to the migration component of the CIB programme will be provided through a separate sector programme exclusively focused on migration and asylum management in Ukraine to be funded out of the 2012 Annual Action Programme for Ukraine. The corresponding CIB allocations (EUR 8 million) have therefore been transferred to this programme.

2.2. Lessons learnt

Past assistance projects have shown limited capacity of beneficiary institutions in terms of strategic management, instability of senior and middle level civil servants, low capacity for assistance management, lack of appropriate legal or institutional framework for the projects' implementation.

Regarding policy-making related to European integration and regulatory approximation, the main lesson is that an effective coordination mechanism and political support at a high level are of crucial importance for successful implementation of assistance projects. In this context the EU will need to closely monitor the new political and administrative environment emerging from the recent institutional reforms.

Concerning other CIB areas (SPS, migration, state aid) experience proves that the unclear division of tasks between concerned institutions and inadequate sectoral budget allocations affect reforms negatively. The lack of political support at the Government level or lack of policy consensus between main political actors regarding the adoption of the basic legislative or policy documents is a major obstacle both for capacity development support and for the overall reform process.

It will therefore be crucial for the success of this Framework Programme to ensure that any new project is contained in a "reform environment" within the sector in question reflected in the sectoral IRP. This means that there must be a clear commitment to reform in the sector prior to launching capacity development measures, which will ensure achievement and enforcement of project results and recommendations, especially related to legislation.

As mentioned above, this "reform environment" already exists in the migration area. Except for the state aid area, the other IRPs (AA implementation and SPS) are expected to be finalised in the second quarter of 2012.

Indicators for each reform programme will be identified, so as to set transparent and reliable milestones for all involved stakeholders.

2.3. Complementary actions

To ensure effective follow-up of the EU assistance channelled through sector policy support programmes and to support the Government's efforts regarding donor coordination, all activities under this Framework Programme will be harmonised and will build on the results of ongoing (programmed) EU interventions. This particularly concerns the Framework programme in support of EU-Ukraine agreements to be funded out of the 2011 Annual Action Programme for Ukraine.

The ongoing EU-funded projects linked to the CIB areas will be encouraged to facilitate the identification of relevant capacity development support for the IRPs. Other instruments such as TAIEX and Sigma will complement this Programme as well as relevant initiatives of the EU Member States.

Complementarity will be ensured through the Steering Committees to be established at the level of each IRP, as well as through Government-Donor Coordination thematic working groups.

2.4. Donor coordination

The existing Government-Donor coordination mechanism will be used in order to associate the national stakeholders, the European Commission and the donor community to the implementation of this Framework Programme. Donor coordination will be particularly important for the CIB programme as it is open to participation and funding of other donors such as EU Member States and international organisations. The coordination by Government of Ukraine remains a challenge as it will be increasingly expected to lead the overall coordination process focusing particularly on the four CIB areas.

Monthly EU donor coordination meetings, chaired by the EU Delegation give the opportunity to exchange information with the EU Member States as regards support to the CIB areas and other priorities of the AA.

The effectiveness of donor coordination will depend substantially on the overall policy capacities of the public authorities involved in steering and implementation of the AA and DCFTA.

3. DESCRIPTION

3.1. Objectives

Overall objective:

To effectively raise Ukrainian institutions' capacities in the preparation and implementation of the EU-Ukraine Association Agreement, including the DCFTA and visa dialogue/VLAP, as well as in meeting the objectives of the EU-Ukraine Association Agenda.

Specific objectives:

- a limited number of (core) institutions that are central in preparing the ground for and implementing future AA, including the DCFTA and visa dialogue/VLAP are effectively enabled to perform their roles and functions through targeted capacity development support;

- enhanced capacities of relevant institutions within the Ukrainian administration allow them to comply effectively with the commitments set forth in the EU-Ukraine Association Agenda;
- preparatory, monitoring, evaluation and audit work necessary for timely and efficient launch and implementation of actions in priority sectors in line with EU-Ukraine Association Agenda is implemented;
- participation of the Ukrainian administration in selected EU programmes in line with the relevant Protocol signed between the EU and Ukraine.

3.2. Expected results and main activities

The expected results are the following:

- further progress on the Association Agenda commitments and overall reform process is achieved by closer EU-Ukraine cooperation and increased assistance in priority sectors;
- improved capacities of the Government for strategic planning, policy making and public finance management in line with national reform agenda and priorities of the regulatory approximation process with the EU;
- selected institutions have the capacity and the necessary human and financial resources to further negotiate the EU-Ukraine agreements and to implement the undertaken commitments;
- enhanced capacity of relevant institutions through financial support to effectively participate in the Community programmes in line with the relevant Protocol signed between the EU and Ukraine.
- assistance to Ukraine under ENPI annual programming in the priority sectors is relevant and timely, and project implementation is monitored and evaluated.

To meet its objectives and results above, the Framework Programme will have the following components:

1. Support to the CIB implementation, including capacity building for Twinning management in the relevant CIB-related institutions (component I)

This component will focus technical assistance on supporting the effective management of the overall IRP process, from design to implementation, as well as on ensuring monitoring and reporting of progress made in the implementation of the CIB. It will therefore target the capacity of the National Agency on Civil Service / NACS (CIB Coordinator) as well as the leading institutions for each CIB areas.

The aim of this support is to ensure overall coordination of the IRPs implementation by the Government of Ukraine, including donor coordination and progress monitoring.

It is envisaged to structure support to the CIB implementation in the following way:

- strengthening management capacity with respect to Twinning in general and also within institutions acting in the CIB areas. If appropriate, this component will be also

open to institutions dealing with other priorities of the EU-Ukraine Association Agenda;

- ensuring monitoring of the CIB implementation, impact assessment, awareness raising and information provision
- supporting sustainable performance of the CIB Coordinator in terms of methodology, human capacity, overall coordination of the CIB programme.

Given the cross-cutting character of capacity development needs identified above, this component will be integrated within the horizontal component of the CIB programme in Ukraine (see section 2.1 below).

A twinning project aimed at strengthening management of the NACS started in January 2012 with the EU Member State's implementing partners from the UK and Poland. However, this project has a limited capacity building effect on the implementation of the CIB programme.

2. Support to the implementation of selected components of Institutional Reform Plans / IRPs (component II)

This component will focus on the two CIB areas: a) steering and implementation process for the AA; and b) sanitary and phyto-sanitary regulations. The relevant IRPs are under preparation and expected to be approved by the Government in the second half of 2012.

2.1 Steering and implementation process for AA and DCFTA

Overall objective:

To improve Ukraine's policy making system with a particular focus on the preparation for and implementation of the future AA and DCFTA and to increase performance of the institutional framework in charge of the European matters.

Expected results:

- an effective institutional framework for the AA and DCFTA coordination is developed and set in place in line with new commitments stemming from the future AA and DCFTA;
- capacity of the institutions involved in the steering and implementation process for AA and DCFTA is strengthened in terms of strategic management, policy planning and implementation, procedures, monitoring and evaluation, human capacity;
- mechanisms for monitoring and evaluation of the AA and DCFTA implementation are developed and set in place, including impact assessment, awareness raising and information provision.

Main activities:

- development and operation of an effective institutional and policy-making framework for the AA and DCFTA coordination and implementation;

- strengthening capacity of the institutions involved in the steering and implementation process for AA and DCFTA (strategic management, procedures, human and technical capacity);
- ensuring monitoring and evaluation of the AA and DCFTA implementation, including assistance in impact assessment, awareness raising and information provision.

2.2 Sanitary and phyto-sanitary (food safety)

Overall objective:

To improve performance and efficiency of Ukraine's food safety system, with a particular focus on its institutional component, in line with the EU acquis and best practice.

Expected results:

- Ukrainian food safety legislation including animal feed, animal health, animal welfare, and animal by-products, is harmonised with the EU legislation;
- institutional framework in the SPS area is developed, set in place and functioning according to EU norms and standards;
- food safety policy and official controls are prepared and implemented according to objective criteria and risk assessment;
- state officials have the capacity to implement new legislation and new working methods of a modern food safety control;
- veterinary and food safety border controls, including documents and data processing, are undertaken in accordance with EU norms and standards;
- network of upgraded and accredited laboratories is functioning in line with EU standards;
- legal and institutional conditions for food production and food market are improved;
- mechanisms for ensuring openness, transparency and stakeholder involvement in food safety policy development, monitoring implementation, and risk communication are developed and set in place.

Main activities:

- harmonising Ukrainian food safety legislation with EU;
- development of an effective institutional and policy making framework in the SPS area;
- training of relevant officials on implementing new legislation and using working methods of a modern food safety control service;
- supporting openness, transparency and stakeholder involvement in food safety policy development, monitoring implementation, and risk communication.

- establishment of risk assessment as the basis of preparation of food safety policy and implementation of official controls;
- establishment of a national network of accredited and functioning official laboratories;
- establishment of border control procedures in accordance with EU norms and standards;

3. Support to implementation of the EU-Ukraine Association Agenda (component III)

Overall objective:

To improve performance of Ukraine's public institutions to effectively address the policy priorities set up in the EU-Ukraine Association Agenda and other cooperation frameworks. Special attention will be paid on private sector development, energy, reduction of large power plant pollution and management of household waste.

Expected results:

- improved ability of the Ukrainian administration to understand and make use of EU standards, and adapting the institutional structure to the requirements stemming from bilateral agreements;
- systemic approach towards legal approximation is supported to achieve in due time the critical mass of approximated legislation required by the bilateral agreements;
- support for formulation of actions related to implementation, follow up, monitoring&evaluation of actions in the areas and sectors recognised as priorities and agreed with the Ukrainian authorities is provided.

Main activities:

- enhancing administrative capacity through adapting the institutional structure and legal framework to the requirements stemming from bilateral agreements, as well as provision of advice on regulatory approximation to EU standard;
- supporting EU-compatible sector-wide strategies in the areas critical to achieve the objectives of the bilateral agreements (and where Ukraine is currently seeking to achieve substantial reform), and provide the tools for their implementation, possibly with the help of sector-based donor assistance;
- providing systemic approach towards legal approximation, helping to achieve in due time the critical mass of approximated legislation required by the bilateral agreements;
- providing capacity building for the public finance management system, including MTEF and public procurement. This area is particularly important in the context of the sector policy support programme implemented through budget support;
- promoting accountability and integrity of the public administration through support to governance reforms and the continuation of the judicial reform;
- supporting formulation of actions related to implementation, monitoring, evaluation and audit of actions in the areas and sectors recognised as priorities and agreed with the Ukrainian authorities.

4. Support to implementation of the Protocol between the EU and Ukraine on a Framework Agreement on the general principles for the participation of Ukraine in Union programmes (component IV)

Overall objective:

- participation of the Ukrainian administration in selected EU programmes in line with the relevant Protocol signed between the EU and Ukraine

Expected results:

- improved capacity of Ukrainian administration to participate in the Community programmes, which also includes awareness raising about the EU agencies and programmes concerned and, if necessary, bringing the relevant Ukrainian legislation and approaches in line with the best European practices;
- financial support for Ukraine in terms of its contribution for Community programmes is provided.

3.3. Risks and assumptions

Ukraine's frequently repeated political commitment to the AA/DCFTA progress may not be adequately followed up with detailed sectoral policies and strategies.

Ukraine's public administration is still undergoing a comprehensive restructuring process. It is difficult to identify the medium-term impact of this process, given that the law on civil service signed by the President on 10.01.2012 is not in line with European principles of public administration and the Code of administrative procedures is still to be adopted.

Therefore, the main external risks are linked to the policy follow-up, the political fragility and the discontinuity of administrative structures potentially benefitting from assistance under this Framework Programme.

Political support from the Government will be needed for approval and further implementation of the IRPs. Delay in elaborating IRPs might delay the effective start of CIB programme.

Lack of improvement of the general economic situation in Ukraine could lead to shortage of public funds to implement the foreseen reforms, and to co-finance the CIB programme and Twinning projects.

These risks will be mitigated through continuous monitoring of the relevant sectors as well as through regular high-level and working-level policy dialogue with Ukrainian stakeholders and involved implementing agencies.

Successful implementation of twinning and technical assistance projects will require a carefully designed planning process based on prioritisation and sequencing and full ownership by Ukraine. Its success requires necessary legislative measures, a clear division of competences as well as public awareness actions.

This programme shall be based on the following assumptions: a) Ukraine pursues its objective of improved relations and economic integration with the EU, maintains its trend of increased co-financing of EU-funded assistance projects, and pursue its efforts to improve its public

administration based on European principles; b) the Government enhances its donor coordination effort and supports improvement of decision-making processes in line with European principles; c) twinning and technical assistance projects are designed taking into account its prioritisation and further proper sequencing.

3.4. Crosscutting Issues

Good governance, human rights and the rule of law are essential elements of the future Association Agreement between the EU and Ukraine and will therefore constitute an additional horizontal priority for the CIB programme in Ukraine. The following two main outcomes are expected in this regard: increased knowledge of EU standards and practices will raise democratic standards, involvement of civil society organisations will be a guarantee for an efficient and stable surveillance of the reform progress in main area covered by this Framework Programme.

Integrity of public administration: actions envisaged under this Programme shall include measures aimed at improving transparency of the administration and at eliminating or minimising opportunities for corruption and the misuse of public funds

Other issues: in implementation of this Programme and especially in each of the IRPs under the CIB programme attention will be paid to ensure equal opportunities, sustainable environment as appropriate.

3.5. Stakeholders

The key stakeholders will be the concerned policy-setting ministries and implementing agencies, political parties, relevant civil society groups and also, though indirectly, the donor community. This Framework Programme will primarily impact on the policy-setting and implementing agencies, particularly, in the areas covered by the future AA and the DCFTA, including those involved in the CIB programme.

On the Ukrainian side, this programme will be coordinated by the National Agency on Civil Service (NACS) that acts as the Coordinator for Twinning, TAIEX and Sigma, as well as the CIB coordinator.

The CIB implementation will require specific arrangements for stakeholders' involvement:

- Steering committees at the level of each IRP to manage the IRP implementation process;
- Expert groups to design and implement capacity development projects in support of the IRPs implementation;
- consultation mechanisms with civil society, particularly, through direct dialogue with civil society experts or their involvement in relevant expert groups under each IRP.

The existing Government-Donor coordination mechanism should be used in order to associate the national stakeholders, the European Commission and donor community to implementation of this Framework Programme.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

Direct centralised management

The programme will be implemented through centralised management. Service, twinning and grant contracts are considered to be used for all Components. For Component II, and in accordance with the CIB guidelines, supply contracts can also be envisaged.

Under component IV of this programme (support to Ukraine's participation in the European Union programmes), the financial support to the contribution of Ukraine for participating in Community programmes will take the form of a reimbursement of up to 50% of the corresponding accession fee(s). Reimbursement of the 50% fees for year n+1 may also be considered. The reimbursement will take the form of an ad hoc grant contract to be signed with the institution that will pay the fees and will be made after receiving evidence of the payment of the total fee. This may also be done through the introduction of specific provisions in the Financing Agreement. No pre-financing is foreseen under this scheme.

Joint management

In specific circumstances and based on the needs and requests from the beneficiary, one or more Standard Contribution Agreements for the implementation of this Framework programme could be signed with International Organisations (IO) in accordance with Article 53d of the Financial Regulation. The implementation method in these cases will be joint management.

The precise formulation of the expertise from IOs needed in the context of the CIB programme will depend on the content of the IRPs that are developed by the Government. At the present stage, after an analysis of the priority areas defined by the EU-Ukraine Association Agenda and the CIB Framework Document, the following International Organisation is considered for joint management:

International Organisations	Expected fields of expertise	Justification
Council of Europe (CoE)	Election legislation, local governance, legal assistance on various matters (constitutional framework, anti-corruption, public administration reform etc.)	The CoE provides an excellent network of experts with a profound knowledge of Ukraine and its current challenges in the identified areas. The CoE has been successfully implemented the EU-funded project since early 2000.

The Council of Europe complies with the criteria provided for in the applicable Financial Regulation and is covered by a framework agreement concluded with the Commission. The Council of Europe is expected to provide co-financing for at least 10% of the action's budget.

The change of management mode constitutes a substantial change except where the Commission "re-centralises" or reduces the level of tasks previously delegated to the beneficiary country, international organisation or delegatee body under, respectively, decentralised, joint or indirect centralised management.

4.2. Procurement and grant award procedures

1) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by European Neighbourhood and Partnership instrument (Regulation (EC) N° 1638/2006 of the EP and of the Council - OJ L 310/1 of 9.11.2006). Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in Article 21(7) of the ENPI Regulation.

2) Specific rules for grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for European Commission external actions. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget.
- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget.

3) Joint management

All contracts implementing the action are awarded and implemented in accordance with the procedures and standard documents laid down and published by the relevant International Organisation.

4.3. Budget and calendar

The overall indicative budget of this Framework Programme is EUR 27 million, including:

Components I and II (CIB programme)	EUR 4.5 million
Components III and IV	EUR 22.5 million

This budget includes funds for evaluation, audit, monitoring and visibility activities.

The indicative breakdown of the budget for each implementation modality is as follows:

Twinning and grants	EUR 11 million
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Service contracts	EUR 10 million
Supply contracts	EUR 4 million
Joint management	EUR 2 million

The Government of Ukraine is expected to contribute to the implementation of this Framework Programme financially or in kind. At least 20% co-financing will be required when EU funding will be used for supply contracts under the CIB programme. The CIB programme is open to co-financing from other donors and allows for the participation of EU Member States and other donors willing to contribute to its implementation.

In the case of twinning projects, the Beneficiary administrations are requested to make their co-financing of the measures explicit in the project's budget. Such contribution may be estimated at a maximum of one third of the contribution of the Commission. A minimum requirement for all assistance projects, including twinning and service contracts, is to provide the long-term project experts with adequate office space and basic communications.

It is foreseen that the operational duration of the action will be 60 months from the entry into force of the Financing Agreement.

The indicative timeframe for launching the calls for proposals, the procurement procedures and the preparation of the contribution agreements is as follows:

Twinning and grants	third quarter of 2013
Service contracts	first quarter of 2014
Supply contracts	third quarter of 2014
Contribution Agreement	third quarter of 2013

4.4. Performance monitoring

The monitoring of this Framework Programme will follow standard procedures, based on benchmarks to be agreed during the preparation of each of the sub-projects to be defined under the Programme, in co-operation with the Ukrainian government and other stakeholders and, in the case of twinning, based on the mandatory results agreed during the project preparation phase.

The sub-projects under this Framework Programme will be monitored throughout their implementation by Results-Oriented Monitoring System of Projects and Programmes of External Co-operation. For overall monitoring of the CIB programme, it is envisaged to set up Steering Committees at the level of each IRP, to involve all national stakeholders and donors, as well as all relevant project representatives and civil society. For Twinning and TA contracts, separate Steering Committees will be set up.

4.5. Evaluation and audit

Each of the actions to be defined under this Framework Programme will undergo expenditure verifications, as foreseen by the standard procedures, which foresee that such audit be properly budgeted under each of such actions. Audits of specific actions will be carried out based on risk assessment.

A mid-term evaluation and final evaluation of the CIB programme implementation is envisaged.

In case of joint management, and where applicable, the provisions included in the relevant framework agreement(s) signed with the IO(s) will apply.

4.6. Communication and visibility

Proper communication and visibility of the measure will be achieved via widespread dissemination of project achievements and results, as well as international visibility of twinning and technical assistance projects, for which a specific budget will be allocated (section 4.3).

Each project under this Framework Programme will have its own communication and visibility component and budget, according to the Communication and Visibility Manual for EU External Actions.

In case of joint management, and where applicable, the provisions included in the relevant framework agreement(s) signed with the international organisations will apply.