

## TACIS UKRAINE ACTION PROGRAMME 2004

### 1. IDENTIFICATION

<i>Form of programme</i>	Tacis National Action Programme 2004
<i>Beneficiary country</i>	UKRAINE
<i>Budget year</i>	2004
<i>Budget Line</i>	19 06 01
<i>Financial allocation</i>	€ 70 Million (including € 5 million for Tempus to be implemented by DG Education and Culture)
<i>Legal basis</i>	Council Regulation N° 99/2000
<i>Contracting</i>	All contracts must be concluded after the signature of the Financing Agreement and within 36 months following the date of the budgetary commitment.
<i>Implementation</i>	The implementation of projects under this proposal must be concluded by <b>31.12.2009</b> . Therefore, all technical activities provided for under this programme and all contracts must end by <b>31.12.2009</b> .
<i>Annual programming</i>	Commission Delegation in Ukraine
<i>Related CSP and NIP</i>	Country Strategy Paper 2002 - 2006 National Indicative Programme Ukraine 2004 - 2006.
<i>Remarks</i>	No administrative expenditure will be financed under this programme

### 2. SUMMARY OF THE PROGRAMME

The Tacis Committees of 2001 and 2003 approved respectively the Country Strategy Paper 2002-2006 and the National Indicative Programme 2004 - 2006 for Ukraine. This Action Programme 2004 is developed fully in line with these strategic documents. The proposed activities are focused on three areas of co-operation: (i) support to institutional, legal and administrative reform, (ii) support to the private sector and economic development and (iii) support in addressing the social consequences of transition. Support in the area of institutional, legal and administrative reform will focus on four issues: legal and administrative reform, justice and home affairs and related issues (including border management), civil society (including the issue of consumers' protection), and training and education. Activities in the area of support to the private sector and assistance for economic development will focus on four priorities: assistance to enterprise development (including co-operation with EBRD and IFC), development of financial markets, local sustainable development and support to energy sector reform. To address the social consequences of transition, support will focus on the health sector reform and on the development of social assistance policy and services targeting vulnerable groups. In addition to the above, support will be provided through the following small project programmes: Tempus, the Institution-Building Partnership Programme for Civil Society and the Statistics programme.

### **3. COUNTRY UPDATE**

A detailed country assessment can be found in the Country Strategy Paper 2002-2006 presented to the Tacis Committee in November 2001; an up-dated version was made available in the National Indicative Programme 2004-06, presented to the Tacis Committee on 23 April 2003, and adopted by the Commission on 4 August 2003.

In the framework of the sixth meeting of the EU-Ukraine Co-operation Committee that was held in Kiev on 11 December 2003, four priority areas for co-operation were

the field of human rights. Careful study has been made to ensure that follow-up is being given to earlier Tacis-supported initiatives, where necessary, e.g. in terms of further development of the border-crossing post in Jagodin. For ease of reference, a summary of the main elements of recent Action Programmes is presented in the following table:

Overview of on-going and planned activities under the Tacis Action Programmes

<b>Priority areas of intervention</b>	<b>Action Programme 2001</b>	<b>Action Programme 2002</b>	<b>Action Programme 2003</b>
Border management	<ul style="list-style-type: none"> <li>• Border Management Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Border Management Improvement</li> </ul>	<ul style="list-style-type: none"> <li>• Border Management - Migration Management</li> <li>• Border Management – Infrastructure</li> </ul>
Public administration reform	<ul style="list-style-type: none"> <li>• IBPP</li> <li>• Regional Development</li> </ul>	<ul style="list-style-type: none"> <li>• Effective State Budget Management</li> <li>• IBPP: Key Public Institutions</li> </ul>	<ul style="list-style-type: none"> <li>• UEPLAC</li> <li>• Taxation Reform</li> <li>• IBPP: Key Public Institutions</li> </ul>
Judicial reform			<ul style="list-style-type: none"> <li>• Strengthening the Capacity of Justice System</li> </ul>
Civil society	<ul style="list-style-type: none"> <li>• IBPP</li> </ul>	<ul style="list-style-type: none"> <li>• Civic Education</li> <li>• IBPP: Civil Society and Other Local Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Development of Media Skills</li> <li>• Strengthening Civil Society</li> <li>• IBPP: Civil Society and Other Local Initiatives</li> </ul>
Trade and investment	<ul style="list-style-type: none"> <li>• Assistance with Agricultural Standards for WTO Accession</li> </ul>		
Energy and Environment	<ul style="list-style-type: none"> <li>• Coal Mining Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Municipal Services Support</li> </ul>	<ul style="list-style-type: none"> <li>• Development of Renewable Sources of Energy</li> <li>• Municipal Reform: Waste Management in Donetsk</li> </ul>
Banking		<ul style="list-style-type: none"> <li>• Mortgage Market Rules and Legislation</li> <li>• Bank Restructuring</li> </ul>	
SME development	<ul style="list-style-type: none"> <li>• Support to SMEs in the Rural Sector</li> <li>• Competition Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of Logistics in Agricultural Sector</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of Risk Management Capacity of SMEs in Agriculture</li> <li>• SME Support Services in Priority Regions</li> <li>• Reduction of Regulatory and Administrative Barriers for SMEs</li> </ul>
Management training	<ul style="list-style-type: none"> <li>• Support to the Ukrainian Initiative</li> <li>• MTP</li> </ul>		<ul style="list-style-type: none"> <li>• MTP</li> </ul>
Social assistance reform	<ul style="list-style-type: none"> <li>• Development of Effective Accident Insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening Regional Social Services</li> </ul>	<ul style="list-style-type: none"> <li>• Development of Integrated Social Services for Exposed Families and Children</li> </ul>
Health care	<ul style="list-style-type: none"> <li>• Development of Medical Insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Support to the Development on a</li> </ul>	<ul style="list-style-type: none"> <li>• Support for HIV/AIDS Prevention Among</li> </ul>

	System	System of Medical Standards	Youth
Education	<ul style="list-style-type: none"> <li>• Support to reform and development of higher education (Tempus)</li> </ul>	<ul style="list-style-type: none"> <li>• Support to reform and development of higher education (Tempus)</li> </ul>	<ul style="list-style-type: none"> <li>• Support to reform and development of higher education (Tempus)</li> <li>• Development of the System of Continuing Education at Workplace</li> </ul>

The main lessons learnt relate to the associated issues of sustainability and ownership. In order to take advantage of these lessons, a special effort has been made in this Action Programme to define larger and more strategic projects in certain sectors, like grass-roots creation in the consumer sector and integrated technical assistance with works, under a holistic approach on local sustainable development.

The table below summarises the state of implementation of previous Ukraine National Action Programmes since 2000 as at 31 March 2004. Implementation of the 2003 programme is delayed pending signature of the Financing Agreement.

Title	Allocated	Paid	RAC	RAL	% Contracted	% Paid
2000 Action Programme	38.500.000	19.797.936	2.697.248	18.702.064	93,0%	51,4%
2001 Action Programme	43.000.000	3.891.113	28.843.433	39.108.887	32,9%	9,0%
2002 Action Programme	42.500.000	1.440.164	38.329.648	41.059.836	9,8%	3,4%
2003 Action Programme	46.000.000	-	-	-	0,0%	0,0%

*Excludes Tempus*

## 5. PROGRAMME COMPONENTS

### 5.1. Area of co-operation 1: Support for institutional, legal and administrative reform

Tacis support for institutional, legal and administrative reform will address a number of key priorities in the Indicative Programme: 1) Support for legal and administrative reform, with the overall aim to foster the fulfilment of the PCA obligations, to prepare the way towards the implementation of the Wider Europe policy as well as the capacity of Ukrainian authorities to cooperate in programming the utilisation of Tacis funds, 2) Implementation of the EU Justice and Home Affairs Action Plan for Ukraine, which was approved in December 2001 by the EU and whose implementation since then has been continuously promoted and monitored by the European Commission jointly with the EU Embassies in Ukraine and the Ukrainian authorities 3) Support to the development of civil society and towards enhancing its role in the public life, with a particular attention to training, education and capacity building.

#### *Legal and administrative reform*

Tacis support will concentrate on the following four specific topics:

(1) **Support to NCU.** The Ukrainian NCU, although having developed its capacity and showing professionalism, is still very dependent on the support team and the positive achievements in capacity-building need to be consolidated. The project will help ensure that the national inputs for the developments of Indicative and Action Programmes meet well-identified and jointly agreed priorities for the cooperation between the EU and Ukraine, set within a broader framework of external assistance and reflecting wider stakeholder consultation.

Regarding *procurement*, the project is expected to be implemented through a service contract. It may also include an equipment component, which would be procured through a supply contract.

(2) **Support to PCA implementation** is a central issue. The project aims to enhance the implementation of the PCA between EU and Ukraine. In particular, the project will provide advice and training to Ukrainian officials on PCA implementation in priority spheres. It will be complementary to the work of the Ukrainian-European Policy and Legal Advice Centre (UEPLAC).

Regarding *procurement*, the project is expected to be implemented through a service contract. It may also include an equipment component, which would be procured through a supply contract.

(3) **Accession of, and implementation by, Ukraine for international conventions and agreements on transport.** In the context of the European Neighbourhood Policy, it is ever more important that Ukraine be fully integrated into the overall European transport system. To achieve this, Tacis will support the Ukrainian authorities to implement international standards in transport and to accede and implement the rules of the main European and international transport organisations.

Regarding *procurement*, the project is expected to be implemented through a service contract. It may also include an equipment component, which would be procured through a supply contract.

#### (4) **EU / Ukraine ENP Action Plan support**

Support for the implementation of the European Neighbourhood Policy (ENP) Action Plan with Ukraine is intended to significantly advance the approximation of Ukrainian legislation, norms and standards to those of the European Union. The Support Facility for Institution-building will be one element in helping Ukraine to strengthen its public administration capacities so as to meet the objectives under the ENP Action Plan for Ukraine. The beneficiaries will be officials from public and semi-public sector bodies such as national administrations, parliament, legislative councils and regional governments, regulatory and supervisory authorities. Social partners and representatives of commercial, professional and economic groupings that are involved in the development, implementation and enforcement of the relevant legislation will also benefit from the Support Facility. The specific objectives are to help Ukraine to develop, implement and enforce policies and legislation that is approximated to the EU *acquis* in key areas arising from the ENP Action Plan and to raise awareness of

EU policy and legislation in key areas of the ENP Action Plan and multilateral commitments, including WTO.

Regarding *procurement*, the project is expected to be implemented through a service contract or through co-operation with Member States. It may also include an equipment component, which would be procured through a supply contract.

#### *Justice and Home Affairs*

The Action programme will also address four issues foreseen by the EU Justice and Home Affairs Action Plan:

**(5) International co-operation in criminal matters with judicial bodies and law enforcement agencies.** This project will aim at enhancing the capacity of Ukrainian judicial bodies and law enforcement agencies to cooperate more efficiently in criminal matters with their international counterparts and in particular with the EU. Tacis will also enhance capacity in terms of information and communication technologies to ensure that Ukrainian authorities are securely and effectively connected with key counterparts in due respect of data protection requirements.

Regarding *procurement*, the implementation of the project is planned to be done through joint management contribution agreements, probably with the Council of Europe and Interpol, or through co-operation with Member States.

**(6) Support good governance through fight against, and prevention of, corruption:** this project will support good governance in Ukraine through contributing to the establishment of practises and norms facilitating the fight against corruption, as well as the prevention of corruption. The project will aim to enhance capacity to investigate and prosecute corruption-related offences and will promote the active participation of civil society and the private sector in the prevention and control of corruption.

Regarding *procurement*, the implementation of the project is planned to be done through joint management contribution agreements, probably with the Council of Europe, or through co-operation with Member States.

**(7) Support to border surveillance along Transdnestrian sector of the border with Moldova.** Support will be given towards enhancing the Ukrainian Border Guards' and Customs Service's capacity to counteract against illegal flows of goods and persons on the Trans-Dniestrian sector of the border with Moldova. This will take the form of both training and provision of certain necessary items of equipment.

Regarding *procurement*, the project is expected to be implemented through a supply contract. The training component will either be included in the supply contract or procured through a separate service contract.

**(8) Reconstruction Jagodin border point** The Jagodin border crossing post is of strategic importance for trade and human flows between Ukraine, Poland and the rest of Europe. Tacis has already made a substantial investment in terms of developing this crossing point. This project is intended to further increase the capacity and

improve the efficient functioning of the crossing. The principal aim is to upgrade the infrastructure and to provide training for the use of technical equipment.

Regarding *procurement*, the project is expected to be implemented through a service contract and through a works contract. It may also include an equipment component, which would be procured through a supply contract.

*Civil society and training education*

#### **(9) Capacity building for consumers NGOs and developing NGOs networks**

Civil society will see a new approach in setting up grass-roots structures for NGO capacity-building in the field of economical governance. This project aims at developing basic knowledge and comprehension of consumer rights by citizens in the economics field and providing citizens with access to relevant information enabling them to lobby for good economic governance.

Regarding *procurement*, the implementation of the project is planned to be done through joint management contribution agreements, probably with UNDP.

**(10) Strengthening regional Vocational Education Training (VET) management.** The proposed intervention is a part of a series of actions aiming in supporting VET reform in the Ukraine, the first one (incorporated in AP 2003) being the development of the system of continuing vocational training at the workplace. This action will attempt to lay the conceptual basis and build a critical mass of actors for further VET reforms. In particular, the project will develop a policy for the regionalisation of VET governance and management. Activities will take place in a selected number of pilot regions that encompass a sufficient background to effectively disseminate results countrywide.

Regarding *procurement*, the project is expected to be implemented through a service contract. It may also include an equipment component, which would be procured through a supply contract.

### **5.2. Area of co-operation 2: Support to private sector and economic development**

Tacis support to the private sector and assistance for economic development will address the following priorities, as set out in the National Indicative Programme 2004 – 2006: assistance to enterprise development (including co-operation with EBRD and IFC), development of financial markets, local development and support to energy sector reform.

*Assistance to enterprise development*

It includes a large project with two components: first, the improvement of state policy in the sphere of SME support, with direct assistance to SMEs towards the design and implementation of optimal mechanisms to establish commercial links with EU companies and other foreign enterprises, and second, financing for the IFC survey,

which is the single independent SME situation-monitoring survey in Ukraine. Co-operation with EBRD is continuing under this NAP, coming from the progressive cancellation of the Bangkok Facility. It will focus on micro-enterprises and SME credit lines, and on a pragmatic programme aiming at sending to SMEs retired senior managers in order to quickly and concretely help them to manage in a more efficient way.

#### **(11) Support programme for SMEs**

One of the key obstacles to SME development remains the difficult legal and administrative environment. Tacis, in close collaboration with the International Finance Corporation, will target support at well-established SMEs. Particular attention will be paid to assisting SMEs develop foreign markets, where appropriate.

Regarding *procurement*, the main part of the project is expected to be implemented through a service contract. It may also include an equipment component, which would be procured through a supply contract. There will also be a component (SME survey), the implementation of which is planned to be done through a joint management contribution agreement, probably with IFC.

#### **(12) SME Finance support to Regional Banks**

In close collaboration with the EBRD, Tacis proposes to help the Ukrainian authorities put the necessary systems in place in selected regional banks to ensure the quality and efficiency of on-lending to SMEs. Tacis will provide training with respect to short- and medium-term financing and with develop institution-building measures to enhance the performance of regional banks and the regional branches of nationwide banks.

Regarding *procurement*, the implementation of the project is planned to be done through an agreement, with the EBRD.

#### **(13) Ukraine Micro Lending Programme**

The Ukrainian Micro-lending Programme (UMLP), supported by the EBRD, has made an important contribution to the development of the SME sector. Tacis proposes to provide technical assistance, to be matched by credit lines of the EBRD, to banks to help enhance their capacity to administer these small-scale credit lines. This project will support the roll-out to the regions in particular through provision of training to credit experts and loan officers.

Regarding *procurement*, the implementation of the project is planned to be done through an agreement, with the EBRD.

#### **(14) EBRD TAM**

The EBRD-supported programme of Turn-around Management (TAM) has been operating successfully through Eastern Europe for a decade. The aim of the proposed intervention is to develop and modernise the management skills and business performance in selected enterprises through transfer of know-how.

Regarding *procurement*, the implementation of the project is planned to be done through an agreement, with the EBRD.

#### *The development of financial markets*

It is crucial for Ukraine's future economic development. However, one vital but still absent element for this development is a stable, strong and reliable insurance sector, able to perform the role of the efficient financial intermediary at the standards of the developed markets. This intervention will focus on:

**(15) Support for the development of the insurance sector.** A recent sector study report highlighted certain areas of critical importance for the development of the insurance market in Ukraine: consolidation of the sector to address the problem of excessive number of existing insurance companies; support for the supervisory capacity of the regulator; and the absence of market structures, i.e. distribution networks, regulated and technically sound actuarial profession, as well as information and methodology for risk assessment. Tacis support will tackle these three strategic issues.

Regarding *procurement*, the project is expected to be implemented through a service contract. It may also include an equipment component, which would be procured through a supply contract.

#### *Local development*

**(16) Sustainable local development.** The purpose of the local development intervention is to promote and demonstrate in a few medium-sized cities, a comprehensive and holistic approach on sustainable development, aiming at improving quality, access and sustainability of essential services in selected municipalities and supporting better environment protection at local level. The project envisaged will design, procure and monitor substantial works for upgrading the municipalities' essential services, such as water supply and treatment or other utilities. A follow-up works project is anticipated under the Tacis Ukraine Action Programme 2005.

Regarding *procurement*, the project is expected to be implemented through a service contract. It may also include an equipment component, which would be procured through a supply contract.

#### *Support to the energy sector reform*

**(17) Ukraine's integration to the EU energy network.** Support to the energy sector reform will concentrate on addressing the consequences of Ukraine becoming an EU neighbour. As indicated in the Commission Communication "on the development of energy policy for the enlarged European Union, its neighbours and partner countries", it should be the objective of the EU to progressively create an integrated European internal energy market which is not only limited to EU Member States. The AP2004 energy project should build on the results of the Assistance to

Energy Market Reform (AP2000) and its definition will depend on the ENP Action Plan for Ukraine.

Regarding *procurement*, the project is expected to be implemented through a service contract. It may also include an equipment component, which would be procured through a supply contract.

### **5.3. Area of co-operation 3: Support in addressing the social consequences of transition**

Tacis support in addressing the social consequences of transition will comprise two strands: first, the provision of technical assistance to the Ukrainian Government in launching health sector reforms, and second, the support for the development of social assistance policy and services targeting vulnerable groups. In that respect, four areas of intervention are envisaged that address the most urgent issues, namely: reform of the secondary health care; HIV prevention among uniformed services; establishment of a comprehensive rehabilitation system for young drug users ; and social contracting.

#### *Support to the health sector reform*

**(18) Reform of the secondary health care.** The Ukrainian health care system, being under considerable pressure, has recently embarked on a path towards a major reform. Several encouraging reform steps have already been undertaken and major legal and policy documents have been developed and approved, notably at the level of primary health. However, all of these reform efforts are still hampered by the fact that secondary health remains largely untouched. It is therefore of utmost importance to facilitate actions that enable a systematic approach which leads to tangible and sustainable results and supports the establishment of an effective, cost-efficient and equitable health care system in Ukraine by introducing a systematic secondary health care reform.

Regarding *procurement*, the project is expected to be implemented through a service contract. It may also include an equipment component, which would be procured through a supply contract.

**(19) HIV/AIDS Prevention among Uniformed Services of Ukraine.** Ukraine has witnessed a sharp rise in HIV, resulting in over 500,000 people being already infected with HIV. Uniformed personnel are one of the most vulnerable groups and are highly susceptible to HIV infections hence they are an important and very effective structure for implementing HIV/AIDS prevention activities. Several small-scale prevention activities have already been implemented in the uniformed services of Ukraine by the Ministry of Defence, the State Department for the Penitentiary System, the Ministry of Interior and the Global Fund. This intervention aims in establishing effective mechanisms for comprehensive HIV/AIDS prevention measures in the uniformed services of Ukraine to significantly reduce incidences of HIV and related health risks such as drug abuse and sexually transmitted diseases.

Regarding *procurement*, the implementation of the project is planned to be done through joint management contribution agreements, probably with a UN agency.

**(20) Establishing a comprehensive rehabilitation system for young drug users.**

The number of illicit drug users in Ukraine has been recently increasing dramatically, the majority being young people less than 28 years old. Further, the dramatic increase of HIV infections among youth in Ukraine is mainly attributed to far-spread intravenous drug use. The State Committee for Family and Youth Affairs (now a Ministry) is making increasing efforts to tackle this situation and has requested technical assistance from the EU in this field. As a positive response to this request, and in line with the objectives stated in the National Indicative Programme, this intervention aims in establishing a comprehensive drug rehabilitation system to reduce the number of illicit drug users and prevent the spread of HIV among youth in Ukraine.

Regarding *procurement*, the project is expected to be implemented through a service contract. It may also include an equipment component, which would be procured through a supply contract.

**(21) Social contracting.** Institutions funded by the budget of the Ministry of Labour and Social Policy and the State Committee for Family and Youth Affairs (now a Ministry) still remain the major social services delivery agents to needy strata of the population. These agents, chronically under-funded, poorly managed and with only limited access to vulnerable populations, elaborated a law (in force since January 2004) that creates a legal basis for NGOs and other community-based initiatives to operate in this field. In addition, the State Committee for Family and Youth Affairs, supported by Tacis, has recently initiated steps towards the introduction of social contracting in two pilot regions. The results thus far have been encouraging, however the system needs to be further developed, strengthened and disseminated. In that respect, the intervention logic of this project is the development and introduction of a social contracting mechanism that will facilitate and promote the provision of social care services.

Regarding *procurement*, the project is expected to be implemented through a service contract. It may also include an equipment component, which would be procured through a supply contract.

#### **5.4 Small project programmes**

Allocations are foreseen for the following small project programmes: Tempus, Institution Building Partnership Programme (IBPP) and the Statistics programme.

Tempus is a key instrument of co-operation in the field of higher education and shall be implemented by DG Education and Culture. The reform and development of higher education will upgrade educational standards and provide the sector with more visibility. Through cooperation between higher education institutions from Ukraine and the EU institutional reform will be introduced, in particular, curricula will be adapted to the new labour market requirements (“bottom-up approach”). It is also necessary to catalyse national reform in higher education (“top-down approach”), for

example in the field of accreditation, admission or quality control. Support to the reform and development of higher education will be implemented under the Tempus programme.

The IBPP programme is designed to support and encourage institutional building through partnership and co-operation projects between civil society organisations and local/regional authorities, in order to strengthen and sustain the development of civil society.

The Statistics programme aims to further improve the capacity of national authorities to produce reliable statistics - a key condition for integrating economies and societies. The programme will be managed with technical advice from DG EUROSTAT.

## **6. COMPLEMENTARY EC ASSISTANCE OUTSIDE THIS ACTION PROGRAMME**

EC Assistance to Ukraine in 2004 may also be provided through the following instruments: the Tacis Regional Programme, which focuses on three activity areas, namely sustainable management of natural resources, promoting trade and investment flows and justice and home affairs; the Tacis Cross-Border Co-operation Programme, focusing on the new Neighbourhood Project Facility as well as on the development of a network of border crossings; and the Tacis Nuclear Safety Programme, including the Chernobyl Shelter Fund. Additional support may be provided in the form of macro-financial Assistance. Furthermore, Ukraine is a focus country within the European Initiative for Democracy and Human Rights programme and eligible for projects related to migration issues as well for support from the Destruction of Anti-Personnel Landmines Programme.

## **7. CO-ORDINATION WITH OTHER DONORS**

The Delegation is active in co-ordinating activities with other donors in Kiev. This co-operation is evolved by regular contacts with the main international organisations, notably EBRD, World Bank, IFC, UNDP, as well as Member States, like Sweden on regional development and the UK.

In addition to the consultation with the other donors in developing the general approach, this Action Programme contains a number of activities, where specific collaboration is foreseen. Funds are allocated for working with the EBRD and the International Finance Corporation (IFC) to ensure coherence of approach, notably in terms of support to the SME and to the micro-enterprises sectors. Funds are also allocated to UNDP for projects in the health sector and for a project aiming at developing grass rooting for consumer awareness, leading to capacity building for NGOs in the sector of economic governance. INTERPOL could act as the implementing agency on the component of the Mutual Assistance in Criminal Matters project that will benefit the Ukrainian Police, while the Council of Europe could co-finance and implement all remaining components of this project as well as the project on good governance.

## **8. PROGRAMME IMPLEMENTATION**

### **8.1 Time-limit for signing the financing agreement**

The financing agreement must be signed by all parties concerned at the latest by 31 December 2005. Failing this, the assigned funds will be cancelled. Upon signature by all parties the financing agreement enters into force.

### **8.2 Performance period**

- (a) The implementation period of the financing agreement enters into force with the signature of the financing agreement and ends on 31.12.2011.
- (b) This period falls into two separate phases:
  - (i) Operational implementation phase for main activities. This phase starts with the entry into force of the financing agreement and ends on 31.12.2009.
  - (ii) A closure phase during which the final audits and evaluation are carried out along with technical and financial closure of the contracts implementing the financing agreement. This phase starts with the end of the operational implementation phase and ends on 31.12.2011.
- (c) Expenditure arising from the main activities is not eligible for Community financing unless it is incurred during the operational implementation phase. Expenditure arising from final audits and evaluation and from closure activities is eligible until the end of the closure phase.
- (d) Any remaining balance of the Community contribution will be cancelled automatically six months after the end of the performance period.

### **8.3 Procedures for the award of contracts and of granting of subsidies**

All contracts implementing the financing agreement must be awarded using the standard Commission procedures and documents for implementing external operations in force at the time the procedure is initiated.

### **8.4 Contracts implementing the agreement**

- (a) The contracts which implement the financing agreement have to be signed by the two parties within three years of the Commission's adoption of the financial commitment. This deadline may not be extended. At that date, any non-contracted funds will be cancelled.
- (b) Any contract that has not given rise to any payment within three years of its signing will be terminated automatically and the funds cancelled.

### **8.5 Monitoring, evaluations and audits**

Appropriate planning and regular monitoring throughout implementation in the form of regular reports will take place. Evaluation during implementation and at the end of the programme, audit of programme will also take place.

Point 8.4(a) does not apply to audit and evaluation contracts, which may be signed later.

## 9. COST AND FINANCING

The Programme will be financed through a Community grant of € 70 million, allocated as follows among the different actions:

<b>Area of Co-operation</b>	<b>2004 (in Mio €)</b>
<b>1. Support for institutional, legal and administrative reform</b>	<b>31.0</b>
<ul style="list-style-type: none"> <li>• <b>Legal and administrative reform</b> <ul style="list-style-type: none"> <li>1. Support to NCU.....</li> <li>2. Support to PCA implementation.....</li> <li>3. Accession of and implementation by Ukraine for international conventions and agreements on transport.....</li> <li>4. EU / Ukraine ENP Action Plan support.....</li> </ul> </li> <li>• <b>Justice and Home Affairs Action Plan and related issues (including border management)</b> <ul style="list-style-type: none"> <li>5. International co-operation in criminal matters with judicial bodies and law enforcement agencies.....</li> <li>6. Support to good governance through fight against and prevention of corruption.....</li> <li>7. Support to border surveillance along Transdnestrian sector of the border with Moldova.....</li> <li>8. Reconstruction Jagodin border point / Phase II.....</li> </ul> </li> <li>• <b>Civil society</b> <ul style="list-style-type: none"> <li>9. Capacity building for consumers NGOs and developing NGOs networks.....</li> </ul> </li> <li>• <b>Training and education</b> <ul style="list-style-type: none"> <li>10. Strengthening regional VET management.....</li> </ul> </li> </ul>	
<b>2. Support to private sector and economic development</b>	<b>15.5</b>
<ul style="list-style-type: none"> <li>• <b>Assistance to enterprise development</b> <ul style="list-style-type: none"> <li>11. Support programme for SMEs .....</li> <li>12. SME Finance support to Regional Banks.....</li> <li>13. Ukraine Micro Lending Programme.....</li> <li>14. EBRD TAM.....</li> </ul> </li> <li>• <b>Development of financial markets (banking, insurance)</b> <ul style="list-style-type: none"> <li>15. Support to the insurance sector.....</li> </ul> </li> <li>• <b>Local development</b> <ul style="list-style-type: none"> <li>16. Sustainable local development.....</li> </ul> </li> </ul>	

<ul style="list-style-type: none"> <li>• <b>Support to the energy sector reform</b></li> <li>17. Ukraine's integration to EU energy network.....</li> </ul>	
<b>3. Support in addressing the social consequences of transition</b>	<b>13.5</b>
<ul style="list-style-type: none"> <li>• <b>Support to the health sector reform</b></li> <li>18. Reform of secondary health care.....</li> <li>19. HIV/AIDS Prevention among Uniformed Services of Ukraine.....</li> <li>• <b>Support to the development of social assistance policy and services targeting vulnerable groups</b></li> <li>20. Establishing a comprehensive rehabilitation system for young drug users..</li> <li>21. Social contracting to improve social service delivery.....</li> </ul>	
<b>SMALL PROGRAMMES</b>	<b>9.0</b>
<ul style="list-style-type: none"> <li>• <b>TEMPUS- Higher Education</b></li> <li>• <b>IBPP – Civil society.....</b></li> <li>• <b>Statistics.....</b></li> </ul>	<b>5.0</b> <b>3.0</b> <b>1.0</b>
<b>RESERVE</b>	<b>1.0</b>
<b>TOTAL</b>	<b>70.0</b>

#### **10. GOVERNMENT COMMITMENT AND CONDITIONALITIES.**

Assistance is provided on the basis of the existence of the necessary elements for the continuation of co-operation through assistance, in particular respect of democratic principles and human rights, as well as the obligations of Ukraine as set out in the Partnership and Co-operation Agreement.