

EU Heads of Mission Report

Status Joint Programming Ukraine

October 2016

State of Play

1. EU cooperation in Ukraine is based upon the existing consensus on priorities as set out in the Association Agenda endorsed by the EU-Ukraine Association Council. The priorities themselves are drawn from the Association Agreement (AA) signed in June 2014, including the Deep and Comprehensive Free Trade Area (DCFTA) that is provisionally applied as of January 2016, and the Visa Liberalisation Action Plan presented to Ukraine in November 2010.
2. The EU makes available several instruments for financial and technical cooperation. These instruments are able to support i) the comprehensive reform programme undertaken by the Government of Ukraine, ii) the more immediate response to the financial crisis and iii) the security breakdown and associated humanitarian emergencies in the East.
3. Whereas the principles of joint programming enjoy widespread support, a limited number of MS run large bilateral programmes in addition to support provided indirectly through the EU budget. However, MS do contribute significant manpower to the CSDP EU Advisory Mission (EUAM) for reforms in the civilian security sector of Ukraine.
4. Since the 2014 Maidan Revolution, the political, security and economic situation has continued to evolve and rapid progress is needed on the government's priority reform agenda to address key socio-economic and governance issues. The international community has therefore rightly placed its emphasis on flexible, short to medium-term support.
5. From 2014, the EU, with the agreement of MS, chose to deliver assistance via yearly-agreed Special Measures. Special Measures have the advantage of greater flexibility to adjust to changing demands in a less stable political context, but do not offer long term predictability.
6. In this context, MS discussed and agreed at coordination meetings with the EEAS and DG NEAR/SGUA in Brussels in February and June 2016 to apply joint programming principles, but to stop short of instigating a formal process.
7. The application of joint programming principles is understood by EUMS as consolidating EU activity by undertaking joint analysis and joint implementation and to do so by making use of the existing consensus, analysis and

coordination structures in-country. These already provide a solid yet flexible base for medium-term planning and sectoral cooperation in the current Ukrainian context.

Observed Benefits/Successes

8. Coordination among international donors has been improving since 2014. There exists consensus on strategic reform priorities among EUMS and these are consistent with those of the G7 countries in Ukraine, providing unity of vision across the donor community and allowing a consistent message on reforms to be communicated to the government. There also exists a deep pool of continually evolving country and sector analysis from donors and civil society.
9. Upon this foundation, regular coordination meetings are held between Heads of Agencies to agree on common responses to key issues. At the technical level, sectoral working groups aligned to the National Reform Council priorities serve as coordination platforms for donor support to government-owned sector strategies. After the creation of enhanced reform architecture presented by the Prime Minister on 17 October 2016, coordination will be supported by the newly established reform support office with the Prime Minister. However, the lack of a clear division of responsibilities and horizontal communication on donor coordination inside the Government remains an obstacle that needs to be addressed.
10. The focus on sectoral cooperation mitigates for the lack of a centralised government strategy for issues of strategic donor coordination and reform. In the absence of formal joint programming, the promotion and application of its core principles at the sector level has helped to build government ownership, increase capacity and lay the foundation for a return to multi-year programming in 2018-2020. A more comprehensive approach could be taken into consideration in accordance with increasing consolidation of the coordinating function of the Vice Minister for European and Euro-Atlantic Integration.
11. The EU and MS have often provided a leading role and in a number of cases have successfully encouraged relevant Ministries to take over or co-lead these donor coordination groups. Examples include, Ministry of Agriculture, Ministry of Health, Ministry of Justice and the Judiciary Reform council.

EU and MS Joint Implementation

12. The EU has been pursuing a dynamic approach to direct collaboration with MS and other donors to promote joint design and implementation of operations. Most advanced in this regard is the Ukraine – Local Empowerment,

Accountability and Development or U-LEAD with Europe programme, launched in September 2016 providing nationwide support for the decentralisation reform. The programme combines ENI funds with co-funding from DE, DK and PL and implementation is mandated to GIZ and SIDA with contributions in technical expertise from EE and PL. U-LEAD supports platforms at national level and in all 24 oblasts to facilitate coordination and direct collaboration between all international donors and agencies supporting the decentralisation process in Ukraine.

13. The support to Ukrainian Anti-Corruption agencies, expected to become operational in January 2017, combines ENI funds with DK co-funding and its implementation is delegated to DANIDA. This joint programme is co-located and works closely with the EUAM Anti-Corruption Team and foresees regular engagement of expertise from different EUMS anti-corruption agencies. A similar collaborative approach is underway for a new ENI programme supporting Rule of Law reforms and close coordination with MS is taking place to develop new energy efficiency initiatives.
14. Concrete experiences in coordination and joint implementation of ENI funding have also been made with EBRD and EIB in private sector development, energy and through the EBRD administered Multi-Donor Account in support of reform implementation

Challenges/Opportunities

15. At the end of 2015 it had been decided to return to multi-annual programming for the period 2018-20. Preparation of a Single Support Framework (SSF) began in September 2016 through a joint programming mission of the EEAS and DG NEAR/SGUA that met twice with MS. The SSF, jointly agreed by MS and representing a longer term, more predictable commitment, will present an improved framework for strategic coordination around which we can reassess the current approach.
16. The reform priorities defined and monitored by the National Reform Council are to be promoted by the newly established Prime Ministers Reform Delivery Office. This could provide for a coordinating platform for strategic dialogue between Government and international donors as a further step towards the conditions for formal joint programming. The Ukrainian Government is encouraged to provide the Vice Prime Minister for European and Euro-Atlantic Integration, with an active role in leading this process as per her mandate and as member of the executive body of the National Reform Council.
17. In the meantime MS retain the flexibility to adapt and realign programmes and strategic priorities to the changing political, economic and security situation

while taking advantage of existing sectoral coordination mechanisms to facilitate delivery.

Recommendations

18. For 2017, the continuation of Special Measures offers the most appropriate mechanism to support the reform process. The development of new Special Measures will continue the collaborative process with MS outlined above and will seek to consolidate the gains made so far.
19. However, against the background of a more stable macro-economic situation, the passing of critical legislation and the development of key reform plans there is reason for cautious optimism. A multi-year programming approach which would have the advantage of providing a more strategic outline of cooperation should therefore be envisaged from 2018.
20. The three year SSF will take as a starting point the established and agreed priorities of Association Agenda. From here, sectoral objectives will be coordinated with MS ensuring the bilateral programmes of EU and MS are in step. Continuing the flexible and informal approach to joint programming, co-financing and joint implementation with MS agencies will be sought where it is beneficial to delivery of specific programmes.
21. In the period up to 2020 we expect to see increasing socio-economic stability as well as improved government capacity to direct and deliver a national reform programme. As the SSF comes to an end, EU and MS will revisit options for implementing formal joint programming.