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ANNEX I

to the Commission Implementing Decision amending Implementing Decision C(2025)2225 final as regards increasing the Union contribution for the financing of the Ukraine Facility Pillar III for 2025 (Part 3)

Action Document for the Technical Cooperation Facility for Ukraine 2025

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

1. Title OPSYS Basic Act	Technical Cooperation Facility for Ukraine 2025 Ukraine Facility Pillar III for 2025 (part 3) OPSYS business reference: UAFacility/2025/ACT-62953 ABAC Commitment level 1 number: JAG.SUM.1852139; JAG.SUM.1852160 Financed under the Ukraine Facility
2. Economic and Investment Plan (EIP)	Yes <ul style="list-style-type: none">– Transport;– Energy;– Environment and climate resilience;– Digital;– Economic development;– Health resilience;– Rule of law, governance and public administration reform.
EIP Flagship	Yes <ul style="list-style-type: none">– Flagship 1: Supporting a sustainable, innovative, green and competitive economy — direct support for 100 000 SMEs;– Flagship 4: Boosting the digital transition — modernising public IT infrastructure.
3. Team Europe Initiative	No
4. Beneficiar(y)/(ies) of the action	The action shall be carried out in Ukraine.
5. Pillar	Pillar 3
PRIORITY AREAS AND SECTOR INFORMATION	

6. Priority Area(s), sectors	121 – Health, General 150 – Government and Civil Society 160 – Other Social Infrastructure and Services 210 – Transport and Storage 220 – Communications 231 – Energy Policy 250 – Business and Other Services 410 – General Environment Protection 730 – Reconstruction, Relief and Rehabilitation
7. DAC code(s)	12110 – Health policy and administrative management (5%) 15110 – Public sector policy and administrative management (23%) 15130 – Legal and judicial development (16%) 15150 – Democratic participation and civil society (7%) 15160 – Human rights (3%) 16010 – Social protection (5%) 21010 – Transport policy and administrative management (3%) 22030 – Radio, television, print and online media (3%) 23110 – Energy policy and administrative management (7%) 25010 – Business policy and administration (5%) 25030 – Business development services (10%) 41010 – Environmental policy and administrative management (3%) 73010 – Immediate post-emergency reconstruction and rehabilitation (10%)
8. Sustainable Development Goals (SDGs)	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
9. Main Delivery Channel	13000 – Third Country Government (Delegated co-operation) 20000 – Non-governmental organisations and civil society 40000 – Multilateral organisations 60000 – Private sector institutions
10. Targets	<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

11. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective	
	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"/>	
	RIO Convention markers	Not targeted	Significant objective	Principal objective	
	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"/>	
	12. Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
		EIP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EIP Flagship		<div>YES</div> <input checked="" type="checkbox"/>		<div>NO</div> <input type="checkbox"/>	
EIP Tags		<div>YES</div> <input checked="" type="checkbox"/>		<div>NO</div> <input type="checkbox"/>	
transport		<input checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input checked="" type="checkbox"/>		
health resilience	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
migration and mobility	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
agriculture, food security and rural development	<input type="checkbox"/>	<input checked="" 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"/>
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"/>
Tags	YES	NO
digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>
transport	<input checked="" type="checkbox"/>	<input type="checkbox"/>
health	<input checked="" type="checkbox"/>	<input type="checkbox"/>
education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>

BUDGET INFORMATION

13. Amounts concerned	<p>Budget line(s) (article, item): 16 06 03</p> <p>Total estimated cost: EUR 388 167 226.23</p> <p>Total amount of EU budget contribution EUR 388 167 226.23</p> <p>The Commission will be entrusted with the responsibility of managing the contribution to the action for an amount of EUR 90 000 000 transferred by the Kingdom of Sweden after the signature of the corresponding transfer agreement¹, in accordance with the procedures applicable to the EU budget.</p>
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MANAGEMENT AND IMPLEMENTATION

14. Implementation modalities (management mode and type of financing)	<p>Direct management through:</p> <ul style="list-style-type: none"> - Grants - Twinning grants - Procurement
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¹ The contribution from the Kingdom of Sweden to be received as external assigned revenue in 2025 makes up in total 1 billion Swedish Krona (SEK), which represents approximately EUR 90 million (precise amount will be calculated based on the official exchange rate at the time of the transfer of the contribution). This contribution is intended to co-finance the action.

	Indirect management 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 unprovoked and unjustified war of aggression against Ukraine shows no sign of abating, with the country's overall **reconstruction and recovery needs** being estimated at around USD 524 billion at the end of 2024. The European Union (EU), its Member States (MS) and Financial Institutions have put in place an unprecedented response, with almost EUR 148.3 billion in budget support, financial, humanitarian, and military assistance mobilised to date.

In December 2023, EU leaders decided to open accession negotiations with Ukraine, having granted the country **EU candidate status** in June 2022. The screening of the EU *acquis* is underway and negotiations on clusters could begin in 2025 if Ukraine meets the necessary conditions.

One core element of the EU's response to Russia's military aggression against Ukraine and the latter's recently acquired candidate status is the **Ukraine Facility (UF)**, a EUR 50 billion instrument for the period 2024-2027 combining macro-financial assistance, investment incentives and technical assistance aimed to cater for Ukraine's recovery, reconstruction, and EU accession-related needs. At the centre of the UF is the **Ukraine Plan (UP)**, a medium-term economic growth strategy setting out reforms and investments in key areas.

This Action seeks to support Ukraine's progressive **alignment with 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. Through the provision of technical assistance, the Action will support the relevant Ukrainian **central and local authorities** in fulfilling their tasks and obligations linked to EU accession and the implementation of the UP. At the same time, by providing capacity building, advisory services, and financial support, it will promote the engagement of the **private sector, civil society, media and other relevant non-governmental partners** in the country's EU accession, UP implementation, and recovery processes.

Assistance will contribute to **advancing reforms and legislative approximation with the EU** in a wide range of areas such as public administration; the judiciary; public finance management; integrated border management, migration, and asylum; EU internal market; digital transformation; and social, environmental and climate policies. The capacity of the Ukrainian authorities to steer a transparent **reconstruction** process will also be supported together with the **socio-economic recovery** of communities in war-affected, frontline, and newly liberated areas. Ukraine's energy resilience will be sustained as well 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 of aggression.

Overall, within the framework of the **EU Enlargement Policy**, the Action will contribute to advancing key priorities from the **Political Guidelines for the 2024-2029 European Commission**, most notably "A global Europe: Leveraging our power and partnerships," under which EU Enlargement and support for Ukraine feature prominently, as well as to enacting the EU's commitment to continue supporting Ukraine in its EU accession bid, as reaffirmed by the EU leaders on 17 October 2024. It will furthermore be conducive to 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), 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 the end-December 2024, the country's total reconstruction and recovery needs have been estimated at about USD 524 billion². According to the International Organisation for Migration (IOM), over 3.6 million³ people 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 over 6.9 million⁴.

In response, the European Union (EU), its Member States (MS) and Financial Institutions have mobilised altogether almost **EUR 148.3 billion** in support of Ukraine and its people. At the same time, a **Ukraine Donor Platform (UDP)** (formerly, Multi-agency Donor Coordination Platform)⁵ tasked with supporting Ukraine's repair, recovery and reconstruction processes has also been established. Co-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**⁶, 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 211 billion⁷. 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 2025⁸.

In June 2022, Ukraine became a **candidate country for EU membership**⁹. Following the EU leaders' decision on 14-15 December 2023¹⁰ to open accession negotiations with Ukraine, and further to the approval of the Negotiating Framework by the Council on 21 June 2024¹¹, the first Intergovernmental Conference between the EU MS and Ukraine took place – at ministerial level – on 25 June 2024 in Luxembourg, marking the beginning of the negotiations. The screening of the EU *acquis* is also underway, with the explanatory phase completed and the bilateral sessions in full swing since 8 July 2024. As noted in the European Commission's 2024 Communication on the EU Enlargement Policy, negotiations on clusters could start in 2025, subject to Ukraine meeting all the necessary conditions¹².

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 Ukraine's immense military effort, its Government has demonstrated remarkable resilience and a firm commitment to continue implementing EU accession-related reforms.

² World Bank; Government of Ukraine; European Union; United Nations. 2025. Ukraine - Fourth Rapid Damage and Needs Assessment (RDNA4), February 2022 – December 2024. Washington, DC: World Bank. <https://openknowledge.worldbank.org/entities/publication/0f04dfe0-41ea-410f-bdd9-4d2bc9d40569>

³ <https://dtm.iom.int/ukraine>

⁴ <https://data.unhcr.org/en/situations/ukraine>

⁵ European Commission – Press Release: Ukraine: Multi-agency Donor Coordination Platform for Ukraine kick-starts Work, READ/23/383, 26 January 2023

⁶ 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

⁷ https://eu-solidarity-ukraine.ec.europa.eu/eu-assistance-ukraine/eu-ukraine-solidarity-lanes_en

⁸ Regulation (EU) 2024/1392 of the European Parliament and of the Council of 14 May 2024 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, 2024/1392, 29.5.2024

⁹ European Council meeting (23 and 24 June 2022) – Conclusions, EUCO 24/22

¹⁰ European Council Meeting (15 December 2023) – Conclusions, EUCO 20/23

¹¹ General EU Position - Ministerial meeting opening the Intergovernmental Conference on the Accession of Ukraine to the European Union (Luxembourg, 25 June 2024), CONF-UA 2, Brussels, 21 June 2024

¹² 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(2024) 690 final of 30.10.2024

With Russia's war of aggression and Ukraine's EU accession bid, the EU assistance strategic and financial framework – formerly implemented under the European Neighbourhood Instrument (ENI) and the Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI-GE) – has 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 established the **UF**¹³, a EUR 50 billion instrument for the period 2024 to 2027 combining macro-financial assistance, investment incentives and technical assistance. 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 sectors¹⁴.

Through 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. In pursuing these objectives, and within the framework of the **EU Enlargement policy**, the Action will contribute to advancing key priorities from the **Political Guidelines for the 2024-2029 European Commission**, in particular 'A global Europe: Leveraging our power and partnerships,' which defines support for Ukraine as a "foremost priority" for the EU, and its enlargement as a "geo-political imperative"¹⁵. The Action is furthermore consistent with the **EU Global Strategy**¹⁶ and the **European Council's Conclusions** of 17 October 2024, in which the EU leaders have reaffirmed "[...] the European Union's unwavering commitment to providing continued political, financial, economic, humanitarian, military and diplomatic support to Ukraine and its people for as long as it takes and as intensely as needed [...]" as well as to "[...] continue to work closely with Ukraine and support its reform efforts on its European path"¹⁷. 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), and 16 (Peace, justice and strong institutions).

The Action will also support the implementation of key **Ukrainian strategies** such as the Action Plan to implement the recommendations of the 2023 European Commission Enlargement Report¹⁸ and the 2024 Government Priorities Action Plan.¹⁹ It will build on the results achieved under previous assistance frameworks funded under the ENI and the NDICI-GE, in particular the Special Measures (2014-2017), the Single Support Framework (2018-2020) and the Multiannual Indicative Programme (2021-2027), taking stock of the 2023 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 UDP in Brussels and locally in Kyiv in the established fora (Heads of Cooperation, EU Development Counsellors and sectoral Working Groups meetings).

¹³ 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.

¹⁴ 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.

¹⁵ Europe's Choice – Political Guidelines for the Next European Commission 2024-2029, Ursula von der Leyen, Candidate for the European Commission President, https://commission.europa.eu/document/download/e6cd4328-673c-4e7a-8683-f63ffb2cf648_en?filename=Political%20Guidelines%202024-2029_EN.pdf

¹⁶ https://www.eeas.europa.eu/eeas/global-strategy-european-unions-foreign-and-security-policy_en

¹⁷ European Council Meeting (17 October 2024) – Conclusions, EUCO 25/24

¹⁸ <https://www.kmu.gov.ua/npas/pro-zatverdzhennia-planu-zakhodiv-z-vykonannia-rekomendatsii-ievropeiskoi-komisii-predstavlenykh-u-t90224>

¹⁹ <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

Ukraine has some level of preparation for EU membership in the **functioning of the judiciary** (Chapters 23 and 24 of the *acquis*). The country continues to implement the reform of selection procedures in key institutions such as the Constitutional Court of Ukraine; and it has also restarted the process of qualification/evaluation (vetting) for sitting judges with the involvement of the Public Integrity Council (PIC). A transparent selection of the management and staff of the Service of Disciplinary Inspectors is in place, but unified criteria for evaluating the integrity of judges still need to be improved, and consistently applied. Building on previous achievements, the action seeks to further strengthen judicial governance and the **integrity of the justice system** by continuing to work on improving the existing legal and institutional frameworks, reinforcing the technical capacities of judicial governance institutions, supporting the setting up of a new court to hear administrative cases, advancing with the introduction of a transparent and merit-based selection to key judicial positions (including prosecutors), strengthening of the disciplinary systems, and addressing corruption risks. It should furthermore contribute to strengthening other independent institutions investigating maladministration-related issues (Ombudsman), promoting fundamental rights – including property and minority rights at institutional level – enhancing witness and whistleblower protection, and promoting and advancing digitalisation and court modernization through the implementation of information technology (IT) audits and roadmaps, aiming at guaranteeing access to justice to all.

With Russia's war of aggression against Ukraine, ensuring **accountability for international crimes** has become the judicial authority's main priority. Building on previous results, the action will contribute to further developing the capacities of the institutions tasked with investigating/prosecuting and adjudicating international crimes (including on institutional communication matters). It will also facilitate the cooperation with international partners supporting the documentation and prosecution of war crimes and serious human rights violations, ensure access to justice and other essential services for victims and witnesses of international crimes, and assist the state authorities to respond to the legacies of international crimes and serious human rights violations through targeted and bespoke transitional justice actions.

An efficient and transparent **public finance management (PFM)** is critical for the defence and the recovery of Ukraine, as well as for a proper use of large scale international financial assistance. While ensuring the fiscal sustainability under the unprecedented shock caused by the war, the Ukrainian authorities have continued to implement the strategy for the PFM system reform for 2022–2025, although at a slower pace. The reform efforts will have to be sustained in relation to budget planning and execution, tax and customs policies, public procurement, financial control, external audit, and parliamentary oversight of the budget, in line with the priorities related to the EU accession. Civil society will have to continue exercising its watchdog role over the use of public money and play an active role in policy discussions on the recovery spending.

Despite the remarkable results achieved since 2015 in a number of areas with support from the EU and other international partners, further work is needed for Ukraine to develop and fully incorporate the concept of European **integrated border management (IBM)**. Ukraine has to gradually adopt Chapter 24 (Justice, Freedom and Security) of the *acquis* and prepare to properly apply EU Schengen legislation, including in the area of **border management, migration and asylum**. Assistance should in particular help strengthen the capacity of IBM agencies to exchange information and data, conduct EU accession negotiations, prepare for the implementation of the New Pact on Migration, connect to and use Schengen-mandatory large scale IT systems, counter corruption by reinforcing internal audit and control functions, and build smuggling-prevention capacities. The planned support should ultimately contribute towards the more efficient management of borders, ensuring that persons and goods can cross them safely, securely and quickly.

Progressive integration in the **EU internal market** is a necessary step in Ukraine's EU accession bid. The action will contribute to this objective in three directions. In the area of business environment, it will support

the implementation of the new SME Strategy and Action Plan adopted in August 2024 and of the new deregulation action plan; further digitalization of public authorities' services to businesses; application of European harmonised standards and market surveillance for non-food products. In the area of competition, the action will support the implementation of new legislative provisions of 2024, which granted more powers to the Antimonopoly Committee of Ukraine (AMCU) in conducting inspections and accessing information. In the area of company law, the action will contribute to strengthening the rules on investors' and shareholders' rights; further modernization of accounting standards and implementation of a single-window electronic financial reporting system; and the implementation of the 2024 Strategy and Action Plan for sustainability reporting by enterprises.

Digital transformation features high on Ukraine's reforms agenda, being an enabler for an efficient state and economic growth. E-governance should be the pillar of a resilient digital transformation, while the conditions created by Russia's war of aggression require to focus also on the digital resilience of the state. At the same time, Ukraine needs to advance legislation alignment with the EU *acquis* in the digital sector (Chapter 10), which requires continued EU support. The assistance planned under this Action will contribute to strengthening the institutional capacity of the Ministry of Digital Transformation of Ukraine and of other relevant central executive bodies, while providing them with the necessary legal and policy advice to further the compliance of Ukraine's legislation with the EU's. Of relevance, in this regard, are the Interoperable Europe Act 2024, the new European Digital Identity Regulation (eIDAS 2.0), and the EU Artificial Intelligence Act. Assistance will also support Ukraine's participation in the Digital Europe Programme (DIGITAL) and the EU Digital Identity Wallet initiative.

Through this Action, the EU will continue to support Ukraine in its efforts to move from institution-based care to a family-centred **care system** – building on global and EU good practices – building the regulatory framework and prevention of family separation. Reforms are being launched to strengthen the organisation and provision of **social services** at the local level related to internally displaced persons (IDPs), war veterans, persons with disabilities and other groups, and further support will be needed to reinforce these reforms. Furthermore, aligning Ukraine's legislation with the extensive EU *acquis* on **public health** will be crucial to further progress on reforms and the modernisation of public health systems to the benefit of the population.

Ukraine faces significant challenges in aligning its **environmental and climate policies** with EU standards, particularly in areas critical to the Green Deal, such as energy efficiency, social housing, eco-design, waste and water management, and transport standards. Current infrastructure and institutional capacities are insufficient to meet these ambitious targets, which hampers the effective implementation of sustainable policies. Furthermore, the lack of comprehensive monitoring and alignment with the National Energy and Climate Plan hinders progress towards achieving long-term environmental goals. This support aims to bridge these gaps, enabling Ukraine to strengthen its infrastructure, mainstream climate policies, and build the institutional capacity needed to meet EU alignment requirements.

Key challenges hinder Ukraine's effective and transparent **reconstruction**. Firstly, Ukraine requires stronger strategic planning capabilities to efficiently coordinate reconstruction investments across central, regional, and local levels. Secondly, there is a need to improve PFM by better integrating public and private investments for the reconstruction and recovery agendas with budget planning, ensuring efficient resource allocation. Thirdly, existing expenditure control mechanisms are insufficient to prevent corruption, necessitating more transparent and digitalized procurement and payment processes. While helping address the above, the Action will also support Ukraine in aligning its reconstruction efforts with EU standards, ensuring good governance and accountability throughout the process.

Ukraine's war-affected, frontline, and newly liberated areas face critical challenges in their **socio-economic recovery** efforts. First, local authorities in these regions often lack the necessary planning processes, coordination mechanisms, and financial systems to effectively manage reconstruction efforts, absorb international assistance, and meet accountability and transparency standards. Additionally, there is an urgent need to reconstruct housing and social infrastructure to enable the return of IDPs and refugees; however, local capacity and financing for these projects remain limited. Finally, these communities require enhanced security,

cohesive social services, and economic opportunities to ensure stability, support the reintegration of veterans, and provide essential skills and employment for returning residents. This action will help to bridge these gaps by strengthening local governance capacities, facilitating infrastructure reconstruction, and fostering community resilience to aid Ukraine's recovery and the return of displaced populations.

Support for energy resilience

To prepare for the 2025-2026 winter, the EU can support Ukraine by investing in the repair and modernization of its damaged energy infrastructure, including power plants and grids. This would help Ukraine rebuild its capacity to meet peak demand and reduce reliance on emergency support. The EU can also assist in expanding energy imports from neighbouring countries and support the development of backup generation and energy storage solutions. Furthermore, promoting energy efficiency and renewable energy projects would ensure the long-term resilience and sustainability of Ukraine's energy sector.

Private sector

Ukraine's **private sector** plays a key role in the country's economic resilience, and further support is needed to strengthen the capacity of micro-, small- and medium-sized enterprises (MSMEs) to contribute to the country's socio-economic recovery and reconstruction. The MSMEs and start-ups, particularly those owned by vulnerable groups/located in war affected territories, need a range of information, advisory and financial instruments to develop their skills and potential for growth and market expansion. In addition to MSMEs, business support and membership organisations, business clusters and industry associations need to be supported, thus strengthening the overall business ecosystem and contributing to more predictability and stability for companies operating in Ukraine. Increased business activity, coupled with improved business enabling environment and smarter regulation, will result in so much needed tax revenue, income generation and economic self-sufficiency for the country.

Civil society, human rights and media

Civil society remains an important element of Ukrainian democracy, and civil society organisations (CSOs) are generally recognised and treated as such by state institutions. A diverse range of actors from civil society and the culture and media sectors is capacitated by EU support to play an active role in the reconstruction, recovery, and EU accession processes. This contributes to an inclusive, transparent, accountable and just implementation of the reforms agenda at central and local level. CSOs and local media actors are actively monitoring and supporting reform implementation across the different sectors of Ukraine's EU accession agenda, and with their engagement of citizens ensure that the process is better understood and owned by the Ukrainian society, ultimately strengthening the transformational impact of the reforms.

While CSOs continue to operate in a broadly enabling environment, reported instances of pressure against civil society activists, organisations, **media**, and **journalists** have raised concerns. Besides, with Russia's military aggression of Ukraine, the needs to counter hostile war propaganda and disinformation remain high in the next years, and the stabilization of the country will also depend on the information resilience that society will have. Moreover, financial support to civil society actors should be seen as an enabling factor for successful economic reforms and stabilisation of the country (the human capital perspective) and not only as an instrument to enhance accountability, which of course continues to be one important area of CSO engagement, especially in Ukraine.

The action therefore seeks to support CSOs and, where needed, strengthen existing mechanisms to protect civil society activists. It will also support **media freedom** and **pluralism**, empowering grassroots and independent media outlets, including through support for investigative journalism and by enhancing the legal framework as well as protecting journalists and reinforcing the population's media literacy and critical thinking skills. It will also address the threats of **information warfare** and **war propaganda**, through capacity-building and coalition-building between CSOs and the public sector for information resilience.

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;
- Businesses and start-ups, in particular in the innovative and technological sectors, in light of their fundamental contribution to the country's socio-economic recovery and economic growth, e.g. as service and employment providers, etc.;
- CSOs, 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, pluralism, etc.; and
- Media, in connection with their key functions in a democratic society, e.g. informing the public, stimulating public debates, allowing political pluralism to express itself, contributing to an accountable political system, 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 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 and planned 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 involvement in the reform process by strengthening their capacity to constructively play their advisory and oversight roles.

Lastly, nearly three 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 central and local 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 businesses, 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 central and local 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 businesses to contribute to Ukraine's economic recovery and further economic integration with the EU is strengthened; and
- 1.4 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.

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

- Investing in enhanced transport connectivity;
- Investing in access to finance: support for SMEs;
- Investing in digital transition – focus on infrastructure and digital services and skills, including for public administrations;
- Investing in sustainable energy – towards a more energy-efficient, energy-resilient and interconnected Eastern Partnership region;
- Investing in environmental and climate resilience; and
- 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, advisory services and financial support for businesses and start-ups are provided.

Activities related to Output 1.4:

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

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 gender equality will be mainstreamed across priorities at the level of implementing contracts. The principle will be integrated in particular in such areas as socio-economic recovery (including support to war-affected women, gender-responsive social services and gender based violence-related services); skills development (to ensure women's participation in the labour market); social policy (notably care reform to facilitate women's participation in the labour market); business support (financial instruments and services for women-led small- and medium-sized enterprises), and civil society, which has a major role to play in providing services and supporting the implementation of reforms. In this way, the Action will contribute to the following three thematic areas of the Gender Action Plan III²⁰: i) economic and social rights and the empowerment of girls and women, ii) equal participation and leadership, and iii) gender dimension of green and digital transformations. Sex-disaggregated data collection mechanisms will be established at the level of individual contracts.

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 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 (e.g. care and public health systems), 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

²⁰ The Gender Action Plan III is a Joint communication by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy which was welcomed through EU Presidency Conclusions of 16 December 2020 (the text was supported by 24 Member States). Drafting was led by European Commission in close consultation with EU Member States, EEAS, civil society organisations, partner governments, and international organisations (UN entities, International Finance Institutions among others). The different parties contributed to the drafting of the document through meetings and through responses to a survey conducted during the process.

The contribution of the action to democracy will be twofold. First, by seeking to enhance the accountability of institutions as well as legislation and policy making transparency in Ukraine 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. Second, the action will contribute to a robust, independent and transparent media landscape ensuring pluralism, which is an essential part of a functioning democracy.

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 supporting the employment-generation capacity of the private sector and 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 seeking to improve the implementation and mainstreaming of environmental and climate policies in Ukraine, the Action will contribute to increasing the country’s overall capacity 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 CSOs and civil protection services.

3.4. Risks and Assumptions

Category²¹	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	Medium	High	Continued support to Ukraine’s Government through technical and financial assistance as well as policy dialogue.

²¹ 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.

	(and resources) of Ukraine's Government from reforms.			
5	Anti-EU disinformation efforts by third parties (both externally and domestically) may result in an anti-EU sentiment that would undermine the implementation of the Action.	Medium	High	Continued strategic communication and public diplomacy efforts to engage with Ukrainian audiences to strengthen ties, build trust, and promote cooperation, highlighting the benefits of reforms and ultimately of EU membership for Ukraine and its people.
1	Change of government may cause staff turnover in ministries and loss of trained professionals.	Medium	Medium	Continued support to 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 does not escalate to the point of jeopardising the implementation of the Action;
- 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
- Businesses and civil society remain resilient and engaged in the reform and recovery processes.

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 does not escalate to the point of jeopardising the implementation of the Action, then the institutional and administrative capacity of Ukraine's central and local authorities to coordinate and implement reforms, deliver services, pursue the country's recovery and accountability for international crimes will be strengthened. Likewise, if training, advisory services and financial support are provided to businesses and start-ups, 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 socio-economic 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 businesses, civil society organisations and the media to contribute to 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

Project Objectives		Project Activities		Project Outputs		Project Outcomes		Project Impacts	
						</			

Results	Results chain: Main expected results [maximum 10]	Indicators [at least one indicator per expected result]	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact 1	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.	Number of reforms implemented with EU support every year in the areas identified in the Enlargement Reports and Ukraine Plan in the areas targeted by this Action.	[2025] reform implementation status	[2027] progress in reform implementation status	EU Enlargement Package and Ukraine Plan implementation Reports	<i>Not applicable</i>
Outcome 1	Strengthened capacity of Ukraine's central and local authorities to implement reforms, deliver services for the population, pursue the recovery effort and accountability for international crimes together with the capacity of businesses, 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	1.1 [2025] to be defined at the level of individual contracts	1.1 [2027] to be defined at the level of individual contracts	1.1 Projects' terms of reference/description of the action and progress reports	Russia's war of aggression does not escalate to the point of jeopardising the implementation of the Action. Ukraine's Government remains resilient as well as willing and able to continue to fulfil its leading role in the reform process.
Output 1 related to Outcome 1	1.1 The institutional and administrative capacity of Ukraine's central and local authorities to coordinate and implement reforms, deliver services, pursue the country's recovery and accountability for international crimes is strengthened.	1.1.1 Number of recommendations from the EU Enlargement Package Ukraine Reports fulfilled. 1.1.2 Number of Ukraine Plan steps implemented. 1.1.3 Proportion of target populations who are satisfied with the provision of	1.1.1 To be defined at the level of individual contracts [2025] 1.1.2 9 [2025]	1.1.1 To be defined at the level of individual contracts [2027] 1.1.2 146 [2027]	1.1.1 Ukraine Report within the EU Enlargement Package 1.1.2 Ukraine Plan implementation reports 1.1.3 SCORE	Ukraine's Government remains resilient as well as willing and able to continue to fulfil its leading role in

		public services (disaggregated by sex, age and oblast).	1.1.3 6.3 (on a 0-10 scale) [2024]	1.1.3 To be defined at the level of individual contracts [2027]		the reform process.
Output 2 related to Outcome 1	1.2 Energy infrastructure damaged as a result of Russia's war of aggression is repaired	1.2.1 Number of objects of energy infrastructure repaired with EU support	1.2.1 0 [2025]	1.2.1 To be defined based on needs [2028]	1.2.1 Individual project records	Russia's war of aggression does not escalate to the point of jeopardising the implementation of the Action.
Output 3 related to Outcome 1	1.3 The capacity of businesses to contribute to Ukraine's economic recovery and further economic integration with the EU is strengthened.	1.3.1 Number of businesses benefitting from EU support.	1.3.1 20,000 [2025]	1.3.1 40,000 [2028]	1.3.1 Projects' progress reports	Businesses remain resilient and engaged in the reform and recovery processes.
Output 4 related to Outcome 1	1.4 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.	1.4.1 Number of grassroots civil society organisations benefitting from (or reached by) EU support [GERF 2.28] 1.4.2 Number of government policies developed or revised with civil society organisation participation (advice/recommendations) through EU support [GERF 2.29]. 1.4.3 Number of media outlets and individual journalists benefitting from (or reached by) EU support	1.4.1 0 [2025] 1.4.2 0 [2025] 1.4.3 0 [2025]	1.4.1 100 [2030] 1.4.2 10 [2030] 1.4.3 To be defined at the level of individual contracts [2030]	1.4.1 Projects' progress reports 1.4.2 Projects' progress reports 1.4.3 Projects' progress reports	Civil society remains resilient and engaged in the reform and recovery processes.

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 measures²².

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 1.4.

b) Type of applicants targeted

- Relevant public bodies;
- Local authorities; and
- 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 by case (b) in other exceptional and duly substantiated emergencies as set out in Article 198 of the Financial Regulation and specifically by the crisis situation (referred to in Article 2(22) 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.

²² www.sanctionsmap.eu. 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. It will contribute to achieving Outputs 1.1 and 1.2

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 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, 1.2, 1.3 and 1.4.

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 according to section 4.3.1 or by procurement according to section 4.3.2 would be used.

If the implementation modality under direct management as defined in section 4.3.1 (grants) or 4.3.2 (procurement) cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by indirect management with pillar-assessed entities 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 realization of this action impossible or exceedingly difficult (Article 11(8) Ukraine Facility Regulation).

4.5. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution in the form of external assigned revenue, in EUR

		(Kingdom of Sweden)
Implementation modalities – cf. section 4.3		
Grants (direct management) – cf. section 4.3.1	105 000 000	40 000 000
Procurement (direct management) – cf. section 4.3.2	34 000 000	20 000 000
Indirect management with entrusted entities – cf. section 4.3.3	158 866 586.59	30 000 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	300 639.64	
Strategic communication and Public diplomacy – cf. section 6	N.A.	
Totals	298 167 226.23	90 000 000

4.6. Organisational Set-up and Responsibilities

The Delegation of the European Union to Ukraine will be responsible for the overall management of the Action and it will ensure that the necessary organisational structures be set up at the level of the individual contracts (projects) under which the activities described in Section 3.2 will be implemented. Detailed terms of reference/descriptions of the actions outlining the management structure, the team of experts 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 whose rights may be affected – be taken into account when designing those projects and be represented in their governance bodies.

On the Ukrainian side, the Secretariat of the Cabinet of Ministers of Ukraine acts as a coordinator of the overall EU assistance (Department of Coordination of International Technical Assistance) and ensures overall coherence and monitoring of activities in the areas related to EU accession (Government Office for Coordination of European and Euro-Atlantic Integration). 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 designing the individual activities and will be 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 indicative activities of this Action will be implemented through a number of contracts. Each contract is expected to contribute to the fulfilment of one or more Output indicators. Baselines and targets will be defined in the Terms of Reference or Description of the Action for each contract. Implementing partners will be responsible for monitoring and reporting implementation progress at contract level. The data reported at contract level will be aggregated and used to monitor progress at the level of the Action.

5.2. Evaluation

Having regard to the nature of the action, a final evaluation 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 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.) 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.

Security issues or local political sensitivities may make it preferable or necessary to limit communication and visibility activities. In such cases, the target audience and the visibility tools, products, and channels to be used in promoting a given action will be determined on a case-by-case basis, in consultation and agreement with the Contracting authority.