



Brussels, 30.10.2019
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COMMISSION IMPLEMENTING DECISION

of 30.10.2019

on the Annual Action Programme part 2 in favour of Ukraine for year 2019

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU, Euratom) 1046/2018 of the European Parliament and of the Council of 18 July 2018] on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Article 110 thereof,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action², and in particular Article 2(1) thereof,

Whereas:

- (1) In order to ensure the implementation of the Annual Action Programme 2019 (part 2), it is necessary to adopt a annual financing decision, which constitutes the annual work programme, for 2019. Article 110 of Regulation (EU, Euratom) 2018/1046 establishes detailed rules on financing decisions.
- (2) The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU³.
- (3) The Commission has adopted the Single Support Framework⁴ for the period 2018-2020, which prioritises "strengthening institutions and good governance, including the rule of law and security", "economic development and market opportunities, including private sector development and improvement of the business climate", "connectivity, energy efficiency, environment and climate change", "mobility and people-to-people contacts, including social inclusion".
- (4) The objectives pursued by the annual action programme 2019 part 2 to be financed under the European Neighbourhood Instrument (ENI)⁵ are to support e-governance and digital economy, agriculture and small farm development in Ukraine.

¹ OJ L 193, 30.7.2018, p.1.

² OJ L 77, 15.3.2014, p. 95.

³ 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 Commission Decision C(2017)8264 of 11.12.2017.

⁵ Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (OJ L 77, 15.3.2014, p. 27).

- (5) The first action entitled “EU support to e-governance and digital economy in Ukraine” aims at improving the efficiency and security of public service delivery and their access to citizens and businesses.
- (6) The second action entitled "EU support to agriculture and small farm development in Ukraine" contributes to a more inclusive and competitive growth-orientated agricultural sector, respectful of the environment, and thereby fight against impoverishment and depopulation of Ukrainian rural areas.
- (7) Pursuant to Article 4(7) of Regulation (EU) No 236/2014, indirect management is to be used for the implementation of the programme.
- (8) The Commission is to ensure a level of protection of the financial interests of the Union with regards to entities and persons entrusted with the implementation of Union funds by indirect management as provided for in Article 154(3) of Regulation (EU, Euratom) 2018/1046.
- (9) To this end, such entities and persons are to be subject to an assessment of their systems and procedures in accordance with Article 154(4) of Regulation (EU, Euratom) 2018/1046 and, if necessary, to appropriate supervisory measures in accordance with Article 154(5) of Regulation (EU, Euratom) 2018/1046 before a contribution agreement can be signed.
- (10) It is necessary to allow for the payment of interest due for late payment on the basis of Article 116(5) of Regulation (EU, Euratom) 2018/1046.
- (11) In order to allow for flexibility in the implementation of the programme measure, it is appropriate to allow changes which should not be considered substantial for the purposes of Article 110(5) of Regulation (EU, Euratom) 2018/1046.
- (12) The actions provided for in this Decision are in accordance with the opinion of the European Neighbourhood Instrument Committee established under Article 15 of the financing instrument referred to in recital 4.

HAS DECIDED AS FOLLOWS:

Article 1

The programme

The Annual Action Programme 2019 (part 2) in favour of Ukraine, as set out in the Annexes, is adopted.

The programme shall include the following actions:

- Annex 1: "EU support to e-governance and digital economy in Ukraine";
- Annex 2: "EU support to agriculture and small farm development in Ukraine";

Article 2

Union contribution

The maximum contribution of the European Union for the implementation of the programme for 2019 is set at EUR 51 million and shall be financed from the appropriations entered in the following lines of the general budget of the Union:

- budget line 22 04 03 03: EUR 50 million;
- budget line 22 04 02 02: EUR 1 million;

The appropriations provided for in the first paragraph may also cover interest due for late payment.

Article 3

Methods of implementation and entrusted entities or persons

The implementation of the actions carried out by way of indirect management, as set out in the Annexes 1 and 2 may be entrusted to the entities or persons referred to or selected in accordance with the criteria laid down in point 5.3 of the Annexes 1 and 2.

Article 4

Flexibility clause

Increases⁶ or decreases of up to EUR 10 million not exceeding 20% of the contribution set in the first paragraph of Article 2, or cumulated changes to the allocations of specific actions not exceeding 20% of that contribution, as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 110(5) of Regulation (EU, Euratom) 2018/1046, where these changes do not significantly affect the nature and objectives of the actions. The use of contingencies shall be taken into account in the ceiling set by this Article.

The authorising officer responsible may apply the changes referred to in the first paragraph. Those changes shall be applied in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 30.10.2019

For the Commission
Johannes HAHN
Member of the Commission

⁶ These changes can come from external assigned revenue made available after the adoption of the financing decision.



ANNEX 1

of the Commission Implementing Decision on the Annual Action Programme 2019 (part 2) in favour of Ukraine

Action Document for EU Support to E-Governance and digital economy in Ukraine

ANNUAL PROGRAMME/MEASURE

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	EU Support to E-Governance and digital economy in Ukraine CRIS number: ENI/2019/ 042-007 financed under the European Neighbourhood Instrument	
2. Zone benefiting from the action/location	European Neighbourhood region, Ukraine The action shall be carried out at the following location: Ukraine	
3. Programming document	Single Support Framework for EU support to Ukraine 2018-2020	
4. Sustainable Development Goals (SDGs)	SDG targets e-governance: 16.5 Substantially reduce corruption and bribery in all their forms; 16.6 Develop effective, accountable and transparent institutions at all levels; 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels; 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements SDG targets digital economy: 8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation; 9B Support domestic technology development, research and innovation, including by ensuring a conducive policy environment; 16.6. Develop effective, accountable and transparent institutions at all levels. 16A Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels	
5. Sector of intervention/ thematic area	1) Strengthening institutions and good governance/ Good governance 2) Economic development and market opportunities/ digitalisation of the economy and society	DEV. Assistance: YES
6. Amounts concerned	Total estimated cost: EUR 25 million Total amount of European Union (EU) contribution EUR 25 million	

	Total amount of other donors contribution (tbc)			
7. Aid modality(ies) and implementation modality(ies)	Project Modality Direct management through: - Procurement Indirect management with the entrusted entity(ies) to be selected in accordance with the criteria set out in section 5.3.3. during the stage of formulation.			
8 a) DAC code(s)	15110 - Public Sector Policy and Administrative Management 22040 - Information and communication technology (ICT)			
b) Main Delivery Channel	To be finalised during formulation			
9. Markers (from CRIS DAC form)¹	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment ²	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	x	
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			

¹ When a marker is flagged as significant/principal objective, the action description should reflect an explicit intent to address the particular theme in the definition of objectives, results, activities and/or indicators (or of the performance / disbursement criteria, in the case of budget support).

² Please check the Minimum Recommended Criteria for the Gender Marker and the Handbook on the OECD-DAC Gender Equality Policy Marker. If gender equality is not targeted, please provide explanation in section 4.5.Mainstreaming.

SUMMARY

The suggested programme will focus on key structural issues and build upon Ukraine's policy objectives defined in the Strategy/Action Plan on Digital Economy 2018-2020 and the Strategy/Action Plan on E-Governance 2017-2020. By focussing on crosscutting structural issues, it will leverage the support already provided in sectoral areas such as Public Administration Reform (PAR), decentralization, reform of the judiciary and law enforcement, public finance management and fighting corruption.

The programme will support:

1. the further enhancement of the government's interoperability platform between priority registers of Ukraine's government and development of robust modern system of registries
2. the strengthening of capacities of key UA stakeholders to steer and coordinate E-Governance policies
3. the involvement of non-state actors in policy discussions and implementation of e-governance policies
4. the development of new electronic services for selected public institutions at central and local level
5. the further development of cybersecurity and data protection standards, tools and practices
6. the enhancement of the capacity of Ukraine's institutions to implement the electronic communications chapter of the AA/DCFTA

1 CONTEXT ANALYSIS

1.1 Context Description

The EU-Ukraine Association Agreement (AA), which includes a Deep and Comprehensive Free Trade Area (DCFTA), entered into force as of 1 September 2017. AA provisions regarding the respect for rule of law; political dialogue and reform; economic and financial cooperation had already been provisionally applied as of 1 November 2014 and the DCFTA as of 1 January 2016. The AA entails the implementation of profound reforms by the Government of Ukraine as re-affirmed by the Medium-Term Government Action Plan 2018-2020 which was adopted in 2017. The plan establishes five key priorities elaborated into 85 interventions, which aim at implementing coherent and comprehensive reforms.

Digital transformation is crucial in enhancing the efficiency and transparency of public action, fighting corruption, boosting the economy, creating jobs and ensuring social progress. Notably on corruption, introducing digital tools in public administration in a systematic way has a potential of significantly reducing its risk through delinking the ownership of the data in the registries and provision of administrative services from the officials seeking to gain from this. It therefore contributes to the successful implementation of the AA/DCFTA and the Government Action Plan. The Ukrainian government is aware of this and has made digital transformation one of its key priorities, as is witnessed by Ukraine's strong interest to be further integrated into the EU Digital Single Market. Many reform areas in Ukraine already bank on digital transformation – public administration reform, decentralisation, fighting against corruption etc. New and innovative digital mechanisms have been introduced to fight corruption and enhance transparency, such as an electronic system for asset declarations and a public procurement system ProZorro.

While Ukraine has significant potential in the digital area with a big share of ICTs in its exports, many well-trained IT professionals among its work force and by now good strategic framework, this is not fully taken advantage of due to deficiencies in legislation and in particular in the practical implementation side. Challenges related to inefficient public administration and outdated paper-based decision making and services delivery are still persistent. According to the most recent UN E- Governance survey from 2018, Ukraine is ranked 82nd out of 193 countries, which is a deterioration of its position by 20 ranks in comparison to the 2016 survey data. Support, mainly in implementation, learning from good EU practices and further approximation with the EU *acquis* is therefore clearly needed.

Moreover, digitalisation of the government services and their accessibility to the citizens have been established as a priority by the new President of Ukraine. He has also highlighted the importance of stepping up the IT capacities of the central and local administrations and advancing the general digital skills of the population.

1.2 Policy Framework (Global, EU)

The key reference documents in the EU for the proposed action are the Digital Agenda for Europe, the EU e-Government Action Plan 2016-2020 and the European Interoperability Framework (EIF). The Digital Agenda for Europe defines the key enabling role that the use of Information Communication Technologies will have to play if Europe wants to succeed in its ambitions for 2020. In order to ensure a fair, open and secure digital environment, the European Commission has consequently built the Digital Single Market Strategy on three pillars: providing better access for consumers and businesses to digital goods and services across Europe; creating the right conditions for digital networks and services to flourish and maximising the growth potential of the digital economy.

The EU e-Government Action Plan 2016-2020 and the EIF aim to make public administrations in the EU open, efficient and inclusive, providing borderless, personalised, user-friendly, end-to-end digital public services to all citizens and businesses. The Action Plan identifies three policy priorities: modernising public administrations using key digital enablers (inter alia electronic identification, electronic signature); enabling mobility of citizens and businesses by cross-border interoperability; facilitating digital interaction between administrations and citizens/businesses for high-quality public services. The EIF addresses key factors in making a digital transformation possible, and enables administrative entities to electronically exchange meaningful information amongst themselves and with citizens and businesses in ways that are understood by all parties. The EIF and its implementation programme ISA2 deal with legal issues, ensuring that legislation does not impose unjustified barriers to the reuse of data in different policy areas; organisational aspects, requesting formal agreements from Member States entities on the conditions applicable to cross - organisational interactions and addresses also data/semantic concerns.

The proposed action also contributes to the implementation of the EU Eastern Partnership deliverables of 2020:

- deliverable 7, “the harmonisation of digital markets (HDM)”, eliminating existing obstacles and barriers for pan-European online services for citizens, public administrations and businesses;
- deliverable 11, “implementation of public administration reform”, supporting the establishment of professional, depoliticised, accountable and ethical public

administrations, which will provide high-level public services for citizens and businesses.

- deliverable 12, “security”, strengthening resilience to hybrid threats through stronger cooperation in the area.

The proposed action contributes to common values reflected in the AA/DCFTA, notably adherence to democratic principles, the rule of law, and proper governance.

The proposed action contributes to the following objectives defined by the Single Support Framework for EU support to Ukraine 2018-2020:

- specific objective 1: Improved overall performance of Ukrainian public administration in line with the 2016-2020 Public Administration Reform
- specific objective 5: Strengthened prevention of and fight against corruption;
- specific objective 6: Improved democratic decision-making processes

The proposed action contributes to the implementation of the Administrative Arrangement between Ukraine and the EU's ISA² programme that supports development of digital solutions and enables the EU public administrations, businesses and citizens to benefit from interoperable cross-border and cross-sector public services.

1.3 Public Policy Analysis of the partner country/region

PAR Strategy

The Strategy of Public Administration Reform in Ukraine for 2016-2020 (PAR Strategy) was adopted by the Cabinet of Ministers of Ukraine (CMU) in June 2016 and revised in 2018 to respond to the findings of the OECD/SIGMA baseline assessment. The PAR Strategy and its Action Plan foresee several very concrete actions in the e-government area including interoperability, single portal for e-services, and an electronic inter-governmental document management system.

Decentralisation reform

Ukraine is implementing a comprehensive decentralisation reform which has already brought significant irreversible progress on territorial-administrative reform in terms of amalgamation of communities. This has increased the level of income and autonomy of local budgets and enhanced service delivery to citizens. As a part of this reform, Ukraine is reforming the existing Centres for Administrative Service Provision (CASP), that are providing range of administrative services and in some cases services for local self-governing authorities.. In that context a new standardized IT platform is currently developed in order to improve the service delivery functions of those CASP.

E-Governance Concept and Action Plan

To further enforce the pace of reforms in the e-governance sector, Ukraine has adopted the Concept of e-Governance Development until 2020 (E-Governance Concept) and its Implementation Plan, setting very ambitious targets for the development of e-government in Ukraine. The Concept of the e-Government indicates directions, mechanisms and terms for establishing an efficient electronic governance system in Ukraine. It specifies the coordination and cooperation between public administrations and local self-governance bodies and promotes the idea of reforming the state governance and decentralization system on the basis of wide use of advanced information and telecommunication technologies. The Presidential

Administration has initiated discussion on the "state in the smartphone" concept which should expand e-services available for citizens.

Strategy/Action Plan on Digital Economy 2018-2020

The Strategy and its corresponding Action Plan focus on overcoming digital inequality, building the country's innovative infrastructure and digital transformations and further approximating with the EU Digital Single market. The Strategy takes into account the provisions of the Digital Agenda for Europe 2020 and envisages efficient processes involving IT and communications. The document also addresses the problem of the "digital divide" and is intended to make digital technologies more publicly accessible, including by ensuring public access to the broadband Internet, especially in smaller cities and remote areas.

Legislation related to Ukraine's AA/DCFTA commitments in the telecommunications chapter

Ukraine has made limited progress in harmonising its legislation with EU acquis communautaire. The Ukrainian draft law "On Electronic Communications" (No 3549-1) was registered in the Parliament already in 2015, but the discussion of the bill, which would strengthen the role of the regulator continues to be postponed. Another draft law, the adoption of which is foreseen by the AA/DCFTA with deadline 2020 is "On Radio Spectrum Resource" (No 5051), its parliamentary reading is also pending. Broadband services penetration stands significantly below the EU average and the harmonisation of spectrum exploitation as foreseen by the law would bring significant economic benefits.

In relation to Commission Directive 2002/77/EC, the Law of Ukraine "On access to the infrastructure of construction, transport and electric power facilities for developing telecommunication networks"(No 1834-VIII), which aimed at establishing equal business conditions for all participants of the telecommunications market has been adopted and entered into force in 2017. The law aims to overcome the existing issues of frequent unjustified denials of access to the infrastructure by its holders and eliminate the possibility of charging excessive fees for the provision of access or imposing unreasonable additional obligations on telecommunication operators and providers.

The Law of Ukraine "On Electronic trust services", entering into force in November 2018, aligns the Ukrainian legislation with Regulation (EU) No 910/2014 on electronic identification and trust services for electronic transactions in the internal market, where the latter regulation repealed Directive 1999/93/EC (dynamic approximation).

Cybersecurity

Ukraine has adopted a "National Cybersecurity Strategy" and Action Plan in 2016. The strategy outlines threats to Ukrainian cyberspace and identifies the following three areas of intervention (i) Developing the national cybersecurity system, (ii) Enhancing capabilities across the security and defence sector and (iii) Ensuring the cybersecurity of critical information infrastructure and of Government information resources. A dedicated law on cybersecurity was adopted in October 2017 in order to partially align Ukraine's legislation with principles of the NIS Directive. It defines the legal and organisational basics of ensuring the protection of vital interests of citizens, society and state, the national interests of Ukraine in cyberspace, the basic objectives, directions and principles of the state policy in the field of cyberspace. It also outlines the tasks of public administrations, enterprises and organizations in this field, and the fundamentals of coordination of their activity for ensuring cybersecurity.

1.4 Stakeholder analysis

There are still serious capacity constraints among all key stakeholders of e-governance, digital economy and cybersecurity in Ukraine, despite the ongoing comprehensive public administration reform and various projects supported by donors. Old heritage, such as working in silos, lack of qualified staff with digital transformation competencies and its high turnover, absence of proper long-term planning and monitoring is a challenge for the action implementation and will be addressed through a number of its components.

Cabinet of Ministers of Ukraine (CMU), Secretariat of CMU (SCMU)

The CMU is the highest body of executive power in Ukraine and is headed by the Prime Minister of Ukraine. The Secretariat of the Cabinet of Ministers of Ukraine (SCMU) is a lead stakeholder in the Strategy of Public Administration Reform in Ukraine for 2016-2021. Its key roles in the domain of e-governance, e-services and cyber security are: launching e-services, open data initiatives and governmental information management systems; improving the capacity of the line ministries and agencies; setting up a so called 'Digital Directorate' to coordinate IT domains of all ministries (the process has started but is currently stalled). At the moment, SCMU capacity in digital transformation is low to moderate, being supported by several donors projects, most prominently Reforms Delivery Office. The strengthening of coordination functions in SCMU is considered as crucial for the success of the action.

State Agency for E-Governance in Ukraine (SAEGU)

The SAEGU is mandated by the CMU to implement the governmental policies in e-governance, informatization and digital economy, development of the information society and the launch of e-governance projects. It has achieved some results in the sphere of interoperability, developing and launching the national interoperability system TREMBITA, completed a study on state registries, launched or reengineered administrative e-services and made progress in open data development. The role of the SAEGU in the sphere of state registries has grown; it has initiated a set of important pilots to adjust electronic interaction between priority state registries. The SAEGU works since 2016 directly under the Prime Minister of Ukraine, which is a clear sign of political will to prioritise e-government in Ukraine. SAEGU plays a leading role in all e-government and e-governance projects, and despite of all the progress still has considerable limitations in its capacity which needs to be improved.

Ministry of Economic Development and Trade (MEDT)

The MEDT is another key stakeholder in the digital economy area including policy and regulations. In the area of administrative services, MEDT is in the lead on development and management of the Portal of Administrative Services and reforming the system of administrative services. With a dedicated unit for administrative services (5 experts for around 2000 administrative services) MEDT also provides methodological support to some 800 Centres for Administrative Service Provision (CASPs). MEDT has successfully launched and coordinates the ProZorro public procurement system (through State Enterprise "ProZorro"). The MEDT experiences the following key challenges: inefficient business processes; lack of coordination with other ministries on administrative services. Some of those issues are addressed in the new draft of the Law on Administrative Services.

Centres for Administrative Service Provision (CASPs)

As a part of decentralisation reform, there are some 800 CASPs currently in Ukraine and their number is growing. They provide a range of administrative services and, in some places, services for local self-governing authorities. CASPs are state institutions under local

authorities for the provision of state administrative services with a “single window” and “citizen centric” approach. Many administrative services are provided in electronic format and are available to customers either through CASPSs or online, however, there are still many services requiring physical presence of customer and provided through CASPs only.

Ministry of Internal Affairs of Ukraine (MoIA), Ministry of Justice of Ukraine (MoJ), and the Ministry of Finance of Ukraine (MoF) through their subordinated state-owned institutions/enterprises are the most important players in the area of basic registers, mentioned above. Furthermore, MoJ is an important player in the field of e-identity and trust services, MoF, together with MEDT - in the sphere of digital economy (taxation, government spending, electronic trade and procurement). Most of basic registries holders tend to work in silos, trying to restrict control over managing the registries to themselves and considering registries as their own asset.

Informatization and communications Committee of the Ukrainian Parliament

Within the Parliament, the central role for e-government, cybersecurity and digital development is played by the Standing Committee for Informatization and Communications. The Committee has a crucial role in the strategic discussions and is responsible for developing and adopting relevant legislation.

Ukrainian Parliament Commissioner for Human Rights (Human Rights Ombudsperson)

The Human Rights Ombudsperson is responsible for data protection. In 2018, the Ombudsperson office developed the Data Protection Reform and a Draft law on Personal data Protection, which has narrowed the gap between Ukrainian legislation and the EU GDPR and is pending adoption. Capacity and competencies of the Ombudsperson office in the sphere of personal data protection need further improvement.

National Security and Defence Council (NSDC)

The NSDC is responsible for defining at the strategic level the organisational model of cybersecurity and operational elements of the cybersecurity.

State Service of Special Communications and Information Protection of Ukraine (SSSCIP)

The SSSCIP’s mandate is to ensure the design and implementation of the state cybersecurity policy; protection of critical information infrastructure facilities; coordination of the activities of other cyber security stakeholders and undertaking organisational and technical measures on detection and response to cyber incidents and cyber-attacks as well as address of their consequences. Within SSSCIP the "State Centre for Cyber Protection and Cyber Threat Suppression (SCCPCTS)" was set up in 2009. Key concerns of the Centre are cyber protection, exchange on threats and maintenance of state networks. The Computer Emergency Response Team (CERT) is part of the Centre and responsible for protection of state bodies from virus and malware attacks, security certification, organising points of access to Internet for state bodies using software and hardware means.

Security Service of Ukraine (SSU)

The SSU has a mandate to carry out further investigation and forensic activities after an attack has been identified as a threat to national security.

National Police of Ukraine (NPU)

Within the NPU, the Department of Cyber Police investigates crimes committed in the sphere of the use of payment systems, e-commerce and economic activity, intellectual property and information security. It provides operative support to investigation of crimes related to cyber security of critical infrastructure of the state's objects, takes part in detection of high-tech cybercrimes, monitors and analyses activities of malicious software.

National Commission for the State Regulation of Communications and Informatization (NCCIR)

The NCCIR, the National Regulatory Authority of Ukraine (NRA), was established by the Decree of the President of Ukraine dated 23 November 2011 (No. 1067/2011)[1] in accordance with the Law of Ukraine "On Telecommunications". The activity of the NCCIR as a National Regulatory Authority in the field of communications is aimed at the promotion of ICT market development and the establishment of the competitive environment to meet the demand for high-quality telecommunication services.

Civil society (CSO) and professional organisations

A big number of CSOs are active in the areas of e-services, open data, anticorruption area and digital economy. They play an important role in advocacy and monitoring of state policy implementation, and engaging with them will therefore be crucial for the success of the action.

1.5 Problem analysis/priority areas for support

Ukrainian government's strategic documents have very ambitious goals. In some areas progress has been made, albeit not always in a systematic manner. Much of the attention has been on Administration-to-Citizens interaction, but less on the "system-changing" or backbone improvements of Administration-to Administration interaction. Business process reviews and in some cases a re-organisation of institutional structures for enabling proper design and architecture of electronic services and digital transformation of work-process ("digital by design") are still to be completed. The e-government legislation is not fully optimal either, in some cases laws and executive orders are outdated. The absence of clear leadership in policy making and insufficient administrative capacity of SAEGU is also complicating the implementation of the "whole-of-government" approach to e-government.

Key issues to be addressed by the EU e-government and digital programme can be enumerated as follows:

a) Interoperability and registries

Ukraine has currently approximately 300 public registries, owned by 40 state bodies and regulated by numerous laws. The lack of integrated information on all state registries as well as the lack of legal definition for a public register prevents further development. The draft of the law on registries that would provide adequate rules on use and storage of data has been registered in the Parliament, but has not been adopted. Creating a necessary legal, regulatory and institutional framework, as well as its enforcement face resistance from vested interests. Apart from ruining trust towards state institutions and creating corruption related risks it also leads to a lack of electronic interaction between state registries. Data in the registries remains duplicated (according to estimates up to 90%), notably those related to personal information, and their cleaning and alignment to common standard is a major challenge. This all leads to a lower quality of public service provision, especially in the electronic form. Notably, the State Registry of Voters has been under public scrutiny recently due to Presidential elections and

challenges related to quality of its data, which undermines citizens' faith in democratic elections.

The inter-operability platform Trembita has been certified by the government, but is still being tested, operationalised and rolled out. The integration of registries into the interoperability platform is supposed to take place in three stages – by the end of 2017, top-priority registries of 15 central bodies were expected to be integrated and by the end of the second quarter of 2018, registries of another 30 central executive bodies. However, despite clear implementation plans and responsible entities, the implementation is lagging behind. The process of technical connection of state information systems of ministries and agencies started in March and is still ongoing. On May 22 2019, the first automatic data exchange through Trembita became operational and is in use between the National Health Service of Ukraine (NHSU) and the State Service for Drugs and Drug Control (State Medical Service).

The Ukrainian government allocates significant financial resources to interoperability. The maintenance cost of 23 main priority registries alone is more than 18.5 million euros, 45% of which is the cost of servers. However, due to high price of data centre upgrades and fast development of information communication technology, the majority of state-owned data centres use outdated hardware and need substantial technological modernisation in the medium term. Moreover, registries use data centres with different levels of ownership and level of sophistication, and only some of them comply with ISO standards and there is no proper inventory of data centres with an indication of their level of maturity and types of data operated, Some institutions have multiple data centres and there are no clear rules of cost coverage.

b) Electronic identity

Implementation of the interoperability platform Trembita is based on a unique identification number which is assigned by the Demographic Registry and allows the connection of data from different registries. Ukraine launched the procedure of distributing a unique register entry number quite recently; by the end of 2018 approximately 8 million people (20% of Ukraine's population) had received the number. Assigned to everyone once during the registration of birth and kept at the State Migration Service, it is implemented gradually through issuing of electronic passports or ID-cards. The Government has announced plans to cover the entire population in 3-4 years; however the average speed of issuing the electronic passports to the population indicates that it could take at least three times longer.

Development of the mass and fast distribution of the unique identification number requires specific legal and regulatory conditions. Ukraine has adopted a law "On Electronic Trust Services" (came into force in October 2018), which provides a legal basis for e-identification and is largely in line with the EU *acquis*. The Cabinet of Ministers has developed a set of secondary legislative acts including a set of standards for regulation of electronic identification; however they still need to be implemented across all the government. Government still needs to adopt secondary legislation that would allow for a new-born to obtain a unique ID-number.

The other major challenge in Ukraine is that there is no separation of electronic identity and digital signature, the latter being a tool for identification of e-identity. Approximately nine million Ukrainians are using digital signatures. There are 120 possible ways to create digital signatures and 24 certification centres. Whereas only 10-20% of those signatures are estimated to be in line with the EU Regulation on electronic identification and trust services for electronic transactions, according to the law "On Electronic Trust Services" they have to meet that requirement by November 2020. Moreover, there is also no effective mechanism in place to ensure that actual progress on e-identity is communicated to the general public, thereby reassuring the necessary digital skills to move things forward. Currently, the (limited)

results are only communicated in a dispersed manner by the individual institutions themselves.

c) Electronic services

Ukraine has intensively expanded the number of electronic services. As of May 2019, there were 125 services available on the government portal kmu.gov.ua and a plan exists to implement further 50 services in 2019. Due to the lack of available tools for fast and safe access to state registries, the vast majority of the electronic services remain immature. Electronic services are often based on current paper-based interactions and remain over-bureaucratised and vulnerable to corruption even after their digitalisation. The lack of interaction between state registries leads to a situation where citizens or legal entities have to visit state facilities several times before they get a required public service. The delivery of electronic services in the public administration at all levels remains decentralised and is characterised by inefficient spending, divergent practices and standards. Business process analysis for administrative services before they become e-services is *ad hoc* and fragmented. Government's Concept Note on Electronic Services Development, adopted by CMU order dated 16.11.2016 № 918-p, sets re-engineering of procedures for the provision of administrative services as one of its pre-conditions, however there is no methodological or systemic approach to re-engineering.

The coordination role of the SAEGU and the Ministry of Economic Affairs in the area of administrative services modernisation has been challenging due to unclear mandates and competences. While SAEGU is responsible for digitalising the services, including both administrative and sector specific services, the Ministry of Economic Affairs is responsible for administrative services that can have elements of digital delivery. Due to the lack of leadership and coordination, one single portal for electronic services has faced numerous conceptual difficulties and fragmentation. As a result online services as well as information about offline services can be found on various sources usually containing different information and steps for service provision. The SAEGU has launched its own portal and advocates using this portal for government information and services. The Ministry of Economic Affairs is responsible for the Portal of Administrative Services and sectoral services can be found on the web-pages of specific ministries or agencies.

d) Institutional capacities

The SAEGU has accumulated significant expertise and conceptual capacity to carry out the e-governance reform in Ukraine; however its administrative capacity and its mandate are limited, inter alia when it comes to the co-ordination between different public bodies. SAEGU's main role as implementer of the e-government concept in Ukraine has been confused with the role of policy making, which does not help it to fulfil its main functions. The Cabinet of Ministers has limited capacities on e-government and the envisaged digital Directorate, which would have more political influence over coordination of the policy and planning of the e-government development, has not yet been established. Sectoral ministries lack digital skills and awareness of e-government benefits and therefore have capacity constraints to respond to SAEGU initiatives. The salaries of the IT people in the government are much lower than in the private sector.

Some capacity development initiatives have started in key institutions, but there is still a gap in expertise and experience. Many institutions seem to be in need of support in setting the strategic directions for their organisation in the medium- to longer-term and ensuring effective inter agency cooperation. As costs of the IT services are high, it may also be essential to pool the IT services to one centre across the government. The programme will therefore continue

supporting capacity development of relevant institutions, monitoring, awareness raising, while also supporting and facilitating the policy dialogue on e-government.

e) Cybersecurity

Ukraine has increasingly been a target of cyberattacks in recent years. Cyberattacks have sought to undermine key infrastructures and inflict physical and reputational damage on Ukraine. Ukraine's government is generally well aware of the threats and has made considerable efforts to strengthen its cyber-resilience. The current institutional set-up of cybersecurity is challenging due to various factors, but notably due to the still insufficient and ineffective coordination mechanisms, the lack of legal clarity and of mutual cooperation among the responsible and due to overlapping competences. Lack of a clear legal definition of the critical infrastructure and the critical cyber infrastructure has created difficulties for the agencies that are responsible for cybersecurity to impose cybersecurity standards. Public investments have been put into modernising technical equipment, but this area still needs to be upgraded further. Furthermore, there is a substantial infrastructure risk as up to 50% of Ukraine's international Internet traffic is provided by Russian-owned companies (RETN, Data-IX, Fiord, Cloud-IX) and two of out of the three largest mobile operators that control 97% of this market in the country (KyivStar, Vodafone,) are either partly or fully owned by Russian capital.

The EU has stepped up its support to Ukraine in this area, but additional support is needed, notably in the context of further alignment of Ukraine's legislation with the EU NIS directive and other relevant *acquis* and implementation of the legislation. Increasing cyber resilience of state registries, e-services and introducing proactive measures to increase the operational capacities of Ukraine's authorities to counter cyber threats are important as well. Strategically well planned and sequenced EU action should complement the Twinning Project at the State Service for Special Communication and Information Protection to be launched in 2019.. Strong and ring-fenced cybersecurity action of this programme will also be important in terms of reinforcing the informal EU-Ukraine cybersecurity dialogue.

f) Electronic communications While being one of the countries with the fastest growth in Internet penetration at the start of the decade, by the end of the decade the pace of internet adoption has slowed significantly. According to the data from 2018, approximately 55% present of households have internet access. The main disparity factors in access to the Internet continue to be urban/rural location of the population, although according to some reports the digital divide between rural and urban areas continues to narrow.

Ukraine has taken an obligation under the EU-Ukraine Association Agreement, including the DCFTA, to harmonise its legislation in the area of electronic communications. This includes developing a comprehensive regulatory framework, including promotion of broadband access, coordination of electronic communication policies, strengthening the independence and overall regulatory capacity of the national regulatory authorities, and fostering the improvement of the electronic communications services in Ukraine. There are numerous challenges in implementing this, notably in the area of independent telecom regulator, weak self-regulation mechanisms and issues related to broader economic regulation, such as missing a proper conformity assessment system and consumer protection mechanisms.

g) Data protection

Adaptation to the updated form of European data protection standards requires a substantial revision of the Ukrainian legal framework concerning data protection. Apart from possibly establishing a new data protection authority, it will also be necessary to make significant

adjustments in the substance of data protection law. Adopting legislation that is fully in line with GDPR seems overly ambitious and not fully enforceable in the current Ukrainian context. Focus should be laid on an ambitious but realistic approach to amending data protection legislation, while maintaining the aim to adopt GDPR standards in the medium term.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Diminishing political leadership and will to implement e-government reforms, in particular following the elections in 2019	M	Use of political dialogue in the framework of Association Agreement and other formats, public diplomacy; Coordination of common approaches with pro-reformist Ukrainian stakeholders notably business sector and international partners.
Programme requires involvement of many stakeholders with different level of readiness to participate in IT systems development. This includes not only SAEGU and CabMin, but also the owners of key registries (MoJ, MOIA) and MEDT as the body responsible for administrative services provision.	M	Involvement of the beneficiaries in the preparation of the support to be provided by the programme. Beneficiary (SAEGU) will ensure involvement of other Government agencies through effective coordination, Cabinet of Ministers involvement also important.
Main elements of Ukraine's e-government eco-system (Trembita platform) will experience significant delays in implementation, delay in one component will postpone the development of other (interoperability, e-identity etc).	M	Enhanced focus on supporting capacity in those areas of the programme that face delays. Establishment of efficient interinstitutional coordination mechanism to monitor programme implementation led by CMU and policy dialogue with the EU.
Lack of capacity of SAEGU	M	Enhanced focus of the programme on capacity building.
The lack of public investment into physical infrastructure of e-government (i.e. data centres) will not allow to reap full benefits of the programme	M	Use of political dialogue and public diplomacy for underlining the importance of public investment in this area.
Delays in adopting necessary laws and regulations, such as Law on registers.	M	Use of political dialogue in the framework of Association Agreement and public diplomacy actions, notably with respect to Ukrainian Parliament. Effective policy dialogue between the beneficiary and the EU.
Citizens and businesses will not engage in reaping the benefits from e-	M	Active public outreach and campaigns on the achievements of e-government

government development.		reform. Engagement with civil society in implementing the programme.
Major cyberattack against Ukraine that paralyses and/or undermines the trust in all government's digitalised interaction	M	Continued support to Ukraine on cybersecurity and stepping up dialogue with the main interlocutors.
Assumptions <ul style="list-style-type: none"> • There are sufficient windows of opportunity and political will which will allow the e-government reform and SAEGU to enhance their performance and help fulfilling their mandate. • The Cabinet of Ministers, SAEGU and other ministries are receptive to the advice and capacity development support provided and have sufficient ownership to allow for institutionalization of reforms based on the long-term strategic vision for the institution • The business sector is interested in and willing to commit time and engage in e-government development activities • The citizens and private sector will have sufficient leverage to influence government on the usefulness of e-government reform. 		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

“Assessment of Ukraine's e-governance policy framework in the light of the Public Administration Reform Strategy and cybersecurity challenges” (EU Framework Contract) analysed the main gaps and needs in the area of the e-government in Ukraine. According to the assessment, government has prioritised e-government development in recent years, but there is lack of systematic and all-across-government approach in most key elements including registers and interoperability, electronic identity and e-services development.

The TAPAS study on the registries (supported by the US government) unveiled deficiencies in the existing system of registries. This included the absence of a framework law, the need for consolidated data typology and definitions, the uncertainties related to electronic identity, duplication and low quality of data and low level of digitalisation of Government's archived paper data.

World Bank report “UKRAINE e-Government Assessment” prepared in March-June 2018 identified opportunities to enhance e-Government in Ukraine and suggested priorities for the future engagement of the e-Government reform. According to the report, Ukraine has made progress in cybersecurity, access to ICT resources and strategic framework. The challenges remain in the area of information for management, data centres, smart analytics and business continuity.

Main overall lessons for the EU programme on e-government and digital economy:

- Need for a flexible support programme stimulating institutional ownership
- Need for effective project implementation arrangements and programme management
- Need for further institutionalisation of capacity development - SAEGU needs its functions and relations with other ministries to be better regulated and clearer defined.

3.2 Complementarity, synergy and donor co-ordination (refer to joint programming where relevant)

Large IT components are present in many EU support programmes. The foreseen programme complements many of them.

Public Administration Reform (including technical assistance project EU4PAR and Budget Support project) is a major EU programme for implementing a comprehensive public administration reform, targeting a number of areas related to e-government, such as policy development and coordination, civil service and human resources management, transparency and accountability of public administration, improvement of administrative service delivery. Budget Support to PAR project ending in 2020 has three specific indicators related with e-government: creation of automated Human Resource Management Information System in civil service (HRMIS), creation of an integrated electronic service "E-baby:9 in 1", and rolling out of Trembita. Budget support payments will take into account progress achieved on these indicators.

U-LEAD with Europe is an important vehicle of EU-led multi-donor support to the ongoing decentralisation reform in Ukraine focusing on the voluntary amalgamation process and the transfer of powers under the sectoral and fiscal decentralisation. Through the e-government window (EGOV4Ukraine) of the programme the EU has supported the introduction of the interoperability platform Trembita and introduction of electronic services at local level.

Support to the Rule of Law Reforms in Ukraine PRAVO – the **PRAVO Justice** programme supports the advancement of the electronic registries and promotes e-government solutions in the Ukrainian justice system. The **PRAVO Police** programme supports the introduction of automated fingerprint identification systems for the National Police and the improvement of an automated case management system in the criminal justice chain.

The Project "Support to Migration and Asylum Policies" supports the establishment of an Integrated Migration Management Information System (**IMMIS**), which develops a number of new functions for existing systems, improves the interoperability between information systems and develops new IT systems in the area of migration management, with State Migration Service (SMS) and State Border Guards (SBG) being the main beneficiaries.

Public Finance Management Support Programme provides support to the implementation of the Ukrainian government's Public Finance Management Strategy. Part of the programme contributes to the improvement of the information system management in the public finance sector and the enhancement of interoperability between main PFM actors (notably State Fiscal Service, Ministry of Finance and Treasury Service)

EU grants are regularly provided to various civil society organisations through numerous calls for Proposals with focus on promotion of good governance, the rule of law, fundamental rights, integrity/anti-corruption and government transparency.

EU4Digital is a major regional programme for all Eastern Partnership countries launched in January 2019. As the vehicle to support implementation of the Eastern Partnership 2020 objectives, the programme focuses on six priority topics: telecom rules and infrastructure; trust and security in the digital economy; eTrade; digital skills; ICT innovation & start-up ecosystems and eHealth.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

The **overall objective** (impact) of the action is to improve the efficiency and security of public service delivery and their access to citizens and businesses.

The **specific objective** (outcome) is that more and better public electronic services are provided by Government authorities.

Results (outputs) and **indicative activities** are the following:

Result 1: Key public registries are interconnected and allow for automated exchange of information (interoperability)

Activities

- Provide expertise for an in depth audit of key public registries
- Provide expertise and if need be small supplies for the improvement of selected key registries
- Provide expertise and if need be small supplies for the connection of key registries to Trembita platform
- Provide expertise for the development of a detailed concept for the establishment of an address registry and its rollout
- Provide expertise for the further development of a digital identity ecosystem and harmonising it with the EU EIDAS Regulation (EU Regulation on electronic identification and trust services for electronic transactions), including the distinction between the concepts of person identification and digital signature
- Provide expertise for the development and implementation of a strategy for the distribution of a unified national personal identifier and alignment with all the registries
- Provide expertise for the development of Citizen's cabinet using the integrated electronic identification system (id.gov.ua) and in accordance with the requirements of unified design code.

Result 2: Key stakeholders have the necessary capacities to effectively steer and coordinate the design and implementation of the e-Governance policy

Activities

- Provide expertise for the finalization of the law on public registries in an inclusive and evidence-based process and necessary secondary legislation
- Provide expertise for the alignment of data protection principles and legislation with the enhanced information exchange through interoperable registries
- Provide ad-hoc expertise for other necessary legal changes
- Provide expertise for the coordination of e-governance processes at SCMU and SAEGU, including possible support to the establishment of a new digital directorate
- Provide expertise for the update and monitoring of e-governance/digital economy policy documents including their costing
- Provide expertise for the prioritization of the development and rollout of new e-services
- Provide expertise to the network of IT officers in Central Executive Bodies (CEB) to improve their knowledge and skills

- Provide expertise for the design and implementation of a general programme of digital skills and awareness raising among the IT staff of different ministries and CEBs
- Support to platforms for horizontal exchanges, networking, including facilitation of contacts to EU administrations (DG Connect, ISA2, etc.) and other international actors in the e-governance field
- Provide expertise for the possible rationalization and centralization of data management (including storage and archiving) and other IT services
- Provide expertise for the improvement and rationalisation of the institutional setup for service provision and better integration of e-service delivery with non e-service delivery.

Result 3: The civil and private sector is well informed about opportunities and risks of E-Governance and digital economy and contributes to policy discussions

Activities

- Support E-Governance stakeholders in increasing public awareness about available electronic services
- Support the design and implementation of public awareness campaigns on the available electronic identification tools, where possible jointly with private operators on mobileID, BankID
- Support consultative dialogue with citizens and other stakeholders (economic actors, civil society, think tanks, associations, universities, etc.) in order to improve policy design and implementation
- Provide support to non-state actors to raise awareness on data protection issues.

Result 4: Key stakeholders have the necessary capacities to design and implement integrated e-services

Activities

- Provide expertise for the implementation of the Government concept on electronic services
- Support the preparation of methodologies of service re-engineering, delivery of integrated electronic services in all areas of public life including cross-border services
- Provide expertise to improve the user-friendliness of electronic services – develop convenient and efficient one-stop-shop for providing high-quality e-services using one web-resource
- Support selected institutions at central and local level in the re-design and automation of business processes
- Support the establishment of public private partnerships for the development of innovative electronic public services.

Result 5: Key stakeholders have the necessary capacities to ensure cybersecurity and effective data protection

Activities

- Provide expertise to SSSCIP and other cybersecurity interlocutors to strengthen their internal capacities for the improvement and effective cybersecurity policies
- Provide expertise for the further alignment of the Ukrainian primary and secondary legislation and practices with the Directive on security of network and information systems (NIS Directive) in an inclusive and evidence-based process and other relevant *acquis*

- Facilitate the coordination and cooperation between cybersecurity stakeholders, both within the country and with external partners, including through operational measures such as cyber exercises
- Strengthen the Public-Private Partnership in the cybersecurity area in Ukraine
- Supply equipment or provide relevant services in order to strengthen the overall resilience and operational capacity of Ukraine against cyber threats
- Provide expertise to the Ukrainian Parliament Commissioner for Human Rights for bringing the personal data protection environment in line with EU regulations
- Provide expertise to strengthen stakeholder capacities for the monitoring and sanctioning of data protection violations.

Activities will build on already ongoing EU cybersecurity activities in Ukraine including the actions on improving the Ukrainian legislation, strengthening its resilience ahead of the Presidential and Parliamentary elections and twinning project to be launched in late 2019. The activities will also complement the upcoming regional cybersecurity programme of the EaP region (to start in early 2020).

Result 6: Performance of digital economy and interconnection of electronic communications networks inside Ukraine and between the EU and Ukraine are improved and the capacities of main digital actors are enhanced.

Activities

- Support the preparation, adoption and implementation of legislation in the area of the digital economy, under the AA/DCFTA following an inclusive and evidence-based approach. .
- Support the MEDT to improve its capacity in formulating digital economy policy.
- Support the improvement of the administrative capacity of public authorities with a key role in the Ukraine's digital economy, notably infrastructure mapping, broadband promotion, implementation of the broadband strategy and broadband deployment.
- Support the conduct of feasibility studies for IFIs investment into broadband infrastructure development.
- Support the NCCIR (Ukraine's Telecom Regulator) in performing market analyses and impose regulatory obligations on Significant Market Power operators
- Support the development of tools for the protection of consumers' rights.

Activities will build on results of the EU4Digital regional programme and complement the activities of this regional programme in Ukraine, by developing the national level dimension of these activities as appropriate, and bilateral projects such as a Twinning project with NCCIR and the on-site assessment project.

4.2 Intervention Logic

Challenges related to "system-changing" improvements of the e-government suggest that there is a need for a stand-alone e-government and digital programme in Ukraine. The programme rests on a premise that digital transformation is a key factor in enhancing the efficiency and transparency of public action, boosting the economy and creating jobs and ensuring social progress, and therefore contributing to the successful implementation of the AA/DCFTA and the Government Action Plan.

The programme assumes that Ukraine's government will remain committed to digital transformation as one of its key priorities and that its different departments and ministries will be actively engaged in fulfilling government's strategies for digital and e-government

development. Moreover, the Ukrainian Parliament has to show its political will in delivering on the key legislation necessary for the e-government reform. In addition, there needs to be SAEGU's own effort to increase its capacity and more substantial public investment into physical infrastructure of e-government (i.e. data centres) in order to allow the reaping of full benefits of the programme

The Programme will capitalize on the work started by the EU support to the Public Administration Reform and the U-lead programme and complement the work by other donors in this area. Different components of the programme are designed as mutually reinforcing and complementing ensuring a holistic approach to e-government and contributing to the digital transformation of Ukraine.

If the assumptions above are fulfilled and the EU provides funding for the following set of activities:

- Further implementation of Trembita interoperability platform; connection of priority registries, improvement of data in the key registries, further development of a digital ecosystem and harmonising with the EU *acquis* and development of digital identity and digital signature
- Provision of expertise on different legal changes (including registers), improving coordination between SCMU and SAEGU, enhancing the capacity of the key interlocutors of e-government, rationalisation of different aspects of e-government (data management, e-services, general IT services)
- Increase public awareness on available e-services, e-identity and data protection issues, improve the dialogue between citizens and other stakeholders with government
- Contributing to more mature and user-friendly electronic services in all areas of public life, including cross-border services and support selected institutions in the redesign and automatization of business processes
- Continue supporting cyber resilience of Ukraine through further alignment with the EU cybersecurity *acquis*, promote approximation Ukraine's legislation with the EU regulations and support its implementation
- Support the capacity of the MEDT and telecommunications regulatory authorities; provide advice on the legislation necessary for fulfilling the AA/DCFTA commitments and support their implementation. Provided expertise on the implementation of national broadband strategy and infrastructure mapping, conduct feasibility studies for IFI investment into infrastructure development.

Then:

- Key public registries will be connected and allow for automated exchange of information.
- Key stakeholders will have the necessary capacities to effectively steer and coordinate the design and implementation of the e-Governance policy.
- The civil sector will be well informed about opportunities and risks of e-Governance and digital economy and contributes to policy discussions.
- Key stakeholders will have necessary capacities to design and implement e-services.
- Key stakeholders will have the necessary capacity to ensure required level of cybersecurity and effective data protection.
- The performance of digital economy and interconnection of electronic communications networks inside Ukraine and between the EU and Ukraine will have improved and the capacities of main digital actors enhanced.
-

Leading to:

- Improved efficiency and security of public service delivery and their access to citizens and businesses
- More and better public electronic services provided by the Government.

4.3 Mainstreaming

The action will take into account important cross-cutting issues focused upon the effects of the Ukrainian e-governance on human rights, vulnerable groups and minority communities as well as the strengthening of gender equality.

With regards to the strengthening of gender equality, gender relevant, sex-disaggregated, data will be collected and gender-related aspects will be integrated in the capacity development measures of the action. Training participants will be selected on a gender-equal basis. Strengthening gender equality will also be ensured in the improved delivery of electronic administrative services and the development of the further legislative framework of the reform. The programme will also seek to avoid reinforcing gender inequalities and stereotypes by implementing a "Do No Harm approach".

4.4 Contribution to SDGs

This intervention is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG(s): 8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation; 9B Support domestic technology development, research and innovation, including by ensuring a conducive policy environment; 16A Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels; 16.6 Develop effective, accountable and transparent institutions at all levels; and 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels; while also contributing to: 16.5 Substantially reduce corruption and bribery in all their forms; 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 84 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 Decision and the relevant contracts and agreements.

5.3 Implementation modalities

The Commission will ensure that the appropriate EU rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures³.

5.3.2 Procurement (direct management)

Contracts will be concluded to support the development of the legal and institutional capacities in the area of digital economy and will contribute to the achievement of result 6.

5.3.3 Indirect management with an entrusted entity

A part of this action may be implemented in indirect management with an entity (or a coalition of several; entities), which will be selected by the Commission's services using the following criteria:

In the area of E-government, the implementation requires thorough and up-to-date knowledge of e-government which is likely to be found either in the public authorities or semi-public entities from the EU Member States who have successfully implemented the e-government domestically, or international organizations which have relevant experience in the implementation of complex e-governance programmes. They will be assessed based on the following criteria

- Capacity to mobilize relevant e-governance expertise from public/semi-public institutions
- experience in implementing e-governance projects
- experience of project implementation in Ukraine is an asset
- sufficient management and logistical capacities.

The implementation by this entity (ies) contributes to the achievement of results 1-5.

If negotiations with entrusted entities fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 5.3.4

5.3.4 Changes from indirect to direct management mode due to exceptional circumstances (one alternative second option)

In case the negotiations with entrusted entities fail, the actions under results 1-5 shall be implemented in direct management through procurement contracts.

5.4 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

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the

³ 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.

countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative Budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
Indirect management with an entrusted entity for implementation of results 1-5 c.f. section 5.3.3	20.000.000	
Procurement – total envelope under section 5.3.2	4.500.000	N.A.
Evaluation (cf. section 5.8) and Monitoring (c.f. section 5.7)	500 000	N.A.
Audit/ Expenditure verification (cf. section 5.9)		
Total	25.000.000	

5.6 Organisational set-up and responsibilities

In order to ensure co-ordination of the activities between the numerous stakeholders, separate Steering Committees (SC) will be established for the implementation of the contracts under indirect management and procurement. The EU will provide strategic guidance to the implementation via the SCs given that the targeted area is of particular relevance for the EU-Ukraine relations and a number of EU policies apply in this area. The SCs will include representatives of the beneficiaries, the implementing partner and the relevant EU services. The implementing partner will ensure the proper functioning of the SCs, including preparation of the agenda in consultation with the EU services, sending the invitations, preparation and follow up of the minutes. The SCs will meet every six months but can also be convened on an extraordinary basis at the request of the implementer or the EU.

5.7 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partners 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 the implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix (for project modality) or the partner's strategy, policy or reform action plan list (for budget support).

SDGs indicators and, if applicable, any jointly agreed indicators should be taken into account. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and 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).

5.8 Evaluation

Having regard to the importance and the nature of the action, a mid-term and final evaluation will be carried out for this action or its components via independent consultants. The mid-term evaluation will be carried out for problem solving and learning purposes. The final evaluation 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 introduces a number of innovative approaches that need to be evaluated.

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation 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. 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.

The evaluations shall be carried out through a procurement contract under direct management.

5.9 Audit

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 audits or expenditure verification assignments for one or several contracts or agreements.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation. In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for the European Union External Action (or any succeeding document) together with the EU Branding Guidelines in Ukraine shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ^{4]}

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
Impact (Overall Objective)	The efficiency and security of public service delivery and their access to citizens and businesses is improved	- Improved scoring/ranking of Ukraine in international e-governance and digital economy rankings	The United Nation’s E-Government Index (EGDI)and its sub-indices, Open Data Barometer, The IMD World Digital Competitiveness Ranking	Not applicable
Outcome(s) (Specific Objective(s))	More and better public electronic services are provided by Government authorities.	I.1 Number of services developed or improved with support from the Action, classified as per ENGDI levels I-IV	Data collected from the action implementers reporting systems, EGDI Online Service Index – OSI.	A1. Sufficient windows of opportunity and political will allowing the e-government reform and SAEGU to enhance their performance against their mandate.

⁴ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

<p>Result 1</p>	<p>Key public registries are interconnected and allow for automated exchange of information (interoperability)</p>	<p>Indicator 1.1 In depth audit of key public registries carried out with support from the action Indicator 1.2 A strategy for the distribution of a unified national personal identifier and alignment with all the registries developed and implemented with support from the action Indicator 1.3 Citizen's cabinet using the integrated electronic identification system is created and operational Indicator 1.4 Number of registries achieved interoperability with support from the action.</p>	<p>Government reports, EGDI Online Service Index – OSI</p>	<p>A2 Cabinet of Ministers, SAEGU and other ministries are receptive to the advice and capacity development support provided and have sufficient ownership to allow for institutionalisation of reforms based on the long-term strategic vision for the institution A2 The business sector is interested in and willing to commit time and engage in e-government development activities A3 The citizens and private sector will have sufficient</p>
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				leverage to influence government on the usefulness of e-government reform.
Result 2	Key stakeholders have the necessary capacities to effectively steer and coordinate the design and implementation of the e-Governance policy	<p>Indicator 1.1 The law on public registries and necessary secondary legislation is finalised</p> <p>Indicator 1.2 Number of IT officers in CEB trained with support of the action</p> <p>Indicator 1.3 General programme of digital skills and awareness raising among the IT staff of different ministries created and used</p> <p>Indicator 1.4 Recommendations to rationalization and centralization of data management (including storage and archiving) and other IT services prepared</p> <p>Indicator 1.5 Recommendations to the establishment of a new digital directorate developed.</p>	EU assessment reports in the context of budget support to PAR, Implementers' and government reports	A1-A3
Result 3	The civil sector is well informed about opportunities and risks of E-Governance and digital economy and contributes to policy discussions	<p>Indicator 3.1 Number of public awareness campaigns on the available electronic identification tools, where possible jointly with private operators on mobileID, BankID.</p> <p>Indicator 3.2 Awareness raising campaign on data protection issues is carried out with CSO involvement.</p>	Implementers' and government reports, CSO reports	A1-A3
Result 4	Key stakeholders have the necessary capacities to design and implement integrated e-services	Indicator 4.1 Methodologies created for service re-engineering, delivery of integrated electronic services in all areas of	EU assessment reports in the context of	A1-A3

		public life including cross-border services Indicator 4.2 Number of institutions supported in the re-design and automation of business processes.	budget support to PAR, Government reports, EGDI Online Service Index – OSI.	
Result 5	Key stakeholders have the necessary capacities to ensure required level of cybersecurity and effective data protection	Indicator 5.1 the Ukrainian primary and secondary legislation, practices and relevant administrative capacities (e.g. CSIRT) are aligned with the Directive on security of network and information systems (NIS Directive) Indicator 5.2 The personal data protection legal environment is aligned with EU legislation.	Government reports, EU assessment reports in the context of AA/DCFTA implementation	
Result 6	Performance of digital economy and interconnection of electronic communications networks inside Ukraine and between the EU and Ukraine are improved and the capacities of main digital actors are enhanced.	Indicator 6.1 The Ukrainian legislation in the electronic communications sector is aligned to the relevant EU acquis and is applied to ensure market competition in the sector. Indicator 6.2. Independence and administrative capacity of regulatory authorities relevant to electronic communications sector is ensured Indicator 6.3 Infrastructure mapping for digital economy is done and maps are available on-line Indicator 6.4 Tools for protection of consumers' rights are developed and are functional. Indicator 6.5 Number of training sessions and consultations are carried out for enhancing administrative capacity of	EU assessment reports in the context of AA/DCFTA implementation, Implementers' and Government reports, EGDI Telecommunication Infrastructure Index -TII	

		public authorities responsible for broadband promotion Indicator 6.5 Feasibility studies for IFIs investment into the broadband infrastructure are prepared.		
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ANNEX 2

of the Commission Implementing Decision on the Annual Action Programme 2019, part 2 in favour of Ukraine

Action Document for EU support to agriculture and small farm development in Ukraine

ANNUAL PROGRAMME/MEASURE

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	EU support to agriculture and small farm development in Ukraine CRIS number: ENI/2019/042-119 financed under the European Neighbourhood Instrument	
2. Zone benefiting from the action/location	European Neighbourhood region, Ukraine The action shall be carried out at the following location: Ukraine	
3. Programming document	Single Support Framework 2018-2020 for Ukraine	
4. SDGs	Main SDGs: SDG 2 – End hunger, achieve food security and improved nutrition and promote sustainable agriculture; SDG 8 – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all; Other significant SDGs: SDG 15 – Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity	
5. Sector of intervention/ thematic area	Economic development and market opportunities, including private sector development and improvement of the business climate	DEV. Assistance: YES
6. Amounts concerned	Total estimated cost: EUR 26 million Total amount of European Union (EU) contribution: EUR 26 million	

7. Aid modality(ies) and implementation modality(ies)	Project Modality: Direct management through: - Procurement. Indirect management with the World Bank and the entrusted entity to be selected in accordance with criteria set out in section 5.3.2			
8 a) DAC code(s)	31110 – Agricultural policy and administrative management – 25% 31120 – Agricultural development – 55% 31210 – Forestry policy and administrative management– 10% 31310 – Fishery policy and administrative management– 10%			
b) Main Delivery Channel	International Bank for Reconstruction and Development or World Bank – 44001 Private sector institutions – 60000			
9. Markers (from CRIS DAC form)¹	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input 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"/>
	Trade Development	<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"/>
	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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	Food and Nutrition Security and Sustainable Agriculture and Fisheries			

¹When a marker is flagged as significant/principal objective, the action description should reflect an explicit intent to address the particular theme in the definition of objectives, results, activities and/or indicators (or of the performance / disbursement criteria, in the case of budget support).

SUMMARY

Ukraine is a large agricultural economy with an area of arable land equivalent to over 25% of the arable land of the European Union (EU). Agriculture historically has been one of the main sectors of the Ukrainian economy with an estimated contribution of 17% to the GDP in 2017. Agricultural and food products' exports have grown from 20% to 40% from 2012 to 2018 and the sector is a major source of foreign currency inflow. These conditions make Ukraine unique in terms of agri-potential.

At the same time, however, the present level of development in rural areas is extremely low. The relative poverty level amounts to 34%, whilst 23% of rural households receive an income below the subsistence minimum. Following the dissolution of the Soviet Union and Ukrainian independence, the sector has been largely neglected by successive governments and Ukraine has not spent any substantial budget on agriculture and rural development. Today, the sector is dominated by large farms and agro-holdings, with about 70 agricultural companies operating 25% of the arable land through relative monoculture (cereals and oilseeds). On the other side, it is estimated that 900,000 unregistered smaller or family farms that produce crops with higher added value for local markets and generate most job opportunities in rural areas, have their economic and social development constrained by several factors, notably absence of a functioning land market, poor governance of the agricultural sector and low investment capacity due to limited access to finance.

This programme aims at contributing to a more inclusive and competitive growth-oriented agricultural sector focused on the sustainable development of small and medium sized farms and SMEs, thereby contributing to fight against impoverishment and depopulation of Ukrainian rural areas. The programme is fully in line with the Association Agreement between Ukraine and the EU and has been organised around three key areas as follows:

- Further support to the land reform through an integration of the cadastre and registry of rights, reform of institutions and the land management system;
- Strengthening of target agricultural value chains and securing the access of small farms to financing through the establishment of grant schemes, notably in the perspective of the possible opening of the land market in the coming years;
- Pursue institutional and sectoral reforms in agriculture and rural development, notably through the elaboration of state support policies and programmes that target small and medium size farms and the implementation of sectoral reforms aimed at the sustainable management of fisheries and forestry resources.

Apart from addressing challenges specific to small farms and rural SMEs, the programme will also help increase the visibility of EU assistance in rural areas, which has been perceived up to now as being too Kyiv-centred, while it will also allow fostering the promotion of the first Ukrainian foodstuffs' Geographical Indications (bryndzys cheese in Carpathian mountains, watermelon and cherry production in Southern Ukraine).

1 CONTEXT ANALYSIS

1.1 Context Description

Ukraine is a middle-income country with an industrial heartland in the South East and a large agricultural economy with an area of arable land equivalent to over 25% of the arable land of the EU. Most of the land is highly fertile, generally flat and has a diverse climate. Agriculture historically has been one of the main sectors of the Ukrainian economy with an estimated contribution of 17% to the Ukrainian GDP in 2017. Considered for centuries as the "bread basket of Europe" Ukraine has regained that position and agricultural and food products' exports have grown from 20% to 40% from 2012 to 2018.

These conditions allowed Ukraine reaching in 2018 the 7th rank amongst the world largest agro-food exporters. At the same time, however, the present level of development in rural areas is extremely low. The relative poverty level amounts to 34%, whilst 23% of rural households receive an income below the subsistence minimum. Following the dissolution of the Soviet Union and Ukrainian independence, the sector has been largely neglected by successive governments. Agricultural land, equipment and property of the former state and collective farms was divided among the workers of those farms, which resulted in fragmentation of the land resource into small shares of between 1.5 to 6 Ha. These land plots are privately owned but the difficulty of negotiating with multiple land owners and lack of access to financial resources meant that most of them lay fallow or under-utilised during the nineties. As of the beginning of years 2000 however, businessmen and entrepreneurs began to consolidate these fragmented plots into larger 'farms' of 1,000 to 3,000 Ha each, which were then sold to investors and formed agro-holding companies that have grown over time by reaching out to foreign investments through private placements or Initial public offering (IPOs), mainly in Europe. Today, about 70 agro-holdings operate 25% of the arable land (i.e. 8 million Ha). These vertically integrated farms use modern state-of-the art machinery and storage facilities, have increased yields and productivity but mainly grow commodity crops – grains and oilseeds – for exports.

On the other side, it is estimated that of the approximately 4 million rural households in Ukraine around 900,000 have land plots they are actively using. Just over 7% of these are either registered farms or entrepreneurs and if individual unregistered farms are mostly intended for subsistence farming, they also produce for local markets and contribute to the local food security. These farms operate in the shadow economy – the share of Ukraine's shadow economy totalled 32% of the GDP in the first half of 2018 – and undertake most of their transactions in cash. They however produce crops with higher added value (98% and 86% of potatoes and fruits respectively and over 60% of milk) and generate most job opportunities, 17% of the working population being employed in agriculture. However, several factors largely constrain their economic and social development, amongst which:

- Poor land governance and absence of land market reform;
- Unconducive regulatory and institutional environment for agricultural MSME growth;
- Barriers to access to finance for both investment and working capital and low investment capacity;

- Limited access to advisory, extension and other services;
- Disrupted or poor access to markets, lack of processing capacity, weaknesses of quality and safety control systems.

Institutional and strategic planning capacity of the Ministry of Agrarian Policy and Food (MoAPF) has been extremely weak and the institution has only recently undertaken a major restructuring within the frame of the Public Administrative Reform. In particular, State support programmes have been relatively inefficient, poorly targeted and have not been designed to complement agricultural and rural development strategies. Since they operate in the informal sector, small farms are unable to obtain state support. They largely remain suppliers of agricultural commodities, totally de-linked from value chains. MoAPF executive agencies have unclear and conflicting functions since they contribute to developing most of the sectoral priorities, are responsible for their implementation and monitoring and undertake commercial activities as well. This particularly applies to the National Forestry State Agency, as well as to the State Agency of Fisheries of Ukraine. As mentioned in the baseline measurement report on the principles of Public Administration, inconsistent accountability and governance framework subordinated to ministries remain major issues .

Lifting of the moratorium on sale of private and public agricultural land, which was initially introduced in 2001 as a "temporary measure", has been controversial among policy makers for more than a decade. Despite public awareness on the economic benefits from well-functioning land markets, the moratorium on the sale of agriculture land has been extended again by the Parliament in December 2018. Low level of state and communal land registration (totally estimated at 12 million Ha) and conflict of interest in the way these assets are managed foster non-transparent processes that lead to inefficient land use resources and lost revenue by local governments. To address these challenges, the Government of Ukraine (GoUA) has launched a number of reforms, notably the introduction of a requirement to transfer public land to amalgamated communities and to auctioning it and the interoperability between cadastre and registry of rights, the latter having been integrated with the register of court decisions.

1.2 Policy Framework (Global, EU)

The proposed action is contributing to the second priority under the **Single Support Framework 2018-2020** aimed at economic development and market opportunities. By focusing on inclusive agriculture and small farm development, the action is addressing the needs of a sector with a high economic potential and of a target group creating most of job opportunities in rural areas, notably for the youth. The strengthening of selected agricultural value chains, mainstreaming of small farms and fostering of the land reform will ease market and finance access. Eventually, the support to the institutional and regulatory environment will aim at securing a sustainable development of Micro, Small and Medium-sized Enterprises (MSMEs) in rural areas.

The action is fully in line with the provisions of the **Association Agreement (AA)** that foresees cooperation in the field of agriculture and rural development, in particular through gradual approximation of policies and legislation. The support to central and local institutions will notably allow enhancing administrative capacities for the

planning, evaluation and implementation of policies while the assistance to the private sector will promote modern and sustainable agricultural production, respectful of the environment, including extension of the use of organic production methods and biotechnologies and the implementation of best agricultural practices. The value chain approach and financial assistance will improve conditions for investment and ensure the efficiency and transparency of the markets.

The programme will also directly contribute to the **achievement of the 20 deliverables for 2020 under the Eastern Partnership**. It will particularly foster a stronger economy in Ukraine, contributing to some of the milestones under deliverables 4 and 6 through the improvement of investment and business environment, especially for MSMEs, and the creation of new job opportunities at the local and regional level, thereby diversifying the economic activity and reducing disparities.

The support to the **fisheries sector reforms** directly contributes to the implementation of related provisions in the AA since it aims at supporting GoUA to adopt good governance and best practices in fisheries management with a view to ensuring conservation and management of fish stocks in a sustainable manner. By establishing a regular dialogue on maritime policy, the action can also contribute at promoting networks between maritime stakeholders, notably within the frame of the General Fisheries Commission for the Mediterranean (GFCM). Eventually, the component dedicated to the **reforms of the forestry sector** will directly contribute to the **trade and sustainable development cooperation agenda** between the EU and Ukraine under the AA, and notably in what concerns the sustainable forest management, the improvement of an electronic timber tracking system and the separation of monitoring, control and management functions.

1.3 Public Policy Analysis of the partner country/region

‘The **Agricultural and Rural Development Strategy 2020**’ (ARD Strategy 2020) which was approved by the National Reform Council at the end of 2015 is the main guiding document for agricultural and rural policy in Ukraine. It includes specific references to the development of value chains, particularly in dairy and fruit and vegetables sectors and confirms that MSME and farms should be the foundation of agricultural development along with rural households. Its rural development component focuses on the creation of non-agricultural jobs, particularly in the service sector (notably in relation to rural tourism and the development of cooperatives). It also supports the approximation of Ukrainian legislation in line with the AA and its DCFTA in relation to agriculture issues. The ARD Strategy 2020 has served as a basis for the preparation of a draft law of Ukraine "on the Main Principles of Agricultural and Rural Development Policy in Ukraine". This document is currently under consideration for adoption by the Ukrainian Parliament and requires MoAPF to present a costed action plan for the period 2020-2024 for approval by the Cabinet of Ministers before the end of 2019. Some parts of this action plan have already been prepared, notably on exports while a number of priority issues are considered, including in the land reform, state support and small / family farms and value chain development.

A **Fisheries strategy and draft action plan** was prepared and is under consideration at the Cabinet of Ministers of Ukraine (CoMU) for final endorsement by the summer

2019. It includes actions to create a transparent and competitive environment for all stakeholders involved in commercial activities, enhancing co-operation between producer associations, trade unions and the GoUA (including the development of self-regulation) and increased scientific involvement in the monitoring of fish stocks. A **Forestry strategy** has been approved by the CoMU in May 2018 and is awaiting endorsement by the Prime Minister. The strategy confirms the separation of functions for policy and regulation development, control over timber trade and economic activities and recognises the need to improve the regulatory framework for sustainable forest resources management, in line with European standards. This strategic document will however require further consultation with all sector's stakeholders.

At the same time Ukraine is undergoing significant reforms of the way by which public finances are managed. GoUA's **Public Finance Management (PFM) reform** measures are specified in the 'Public Finance Management System Reform Strategy 2017-2021' (approved on 8 February 2017) and aimed at introducing a Medium-Term Expenditure Framework (MTEF) in order to strengthen linkages between policy, planning and budgeting. The **Public Administration Reform (PAR)** is approved by the CoMU resolution No. 1119 dated 25 November 2015 for the establishment of general directorates in target ministries and strengthening the role of the non-political civil administrative service.

In the land sector, January 2018 CoMU resolution No. 60-p mandates the transfer of state land to communal ownership thus removing the conflict of interest arising from the fact that State Geocadaster regulates and manages state land that had been a major source of corruption and decreasing opposition to the land reform from local governments. Furthermore, the CoMU land governance monitoring resolution No. 639 adopted in August 2017 requires the authorities to collect, store, and publish the data and indicators, at the rayon, regional, and national level, on land transactions, tax, disputes, privatization and expropriation, by categories of landowners and land users.

1.4 Stakeholder analysis

Stakeholders:

- Central government ministries (together with their branches at regional level) such as the MoAPF, the Ministry of Regional Development, Construction and Communal Living (MoRD), the Ministry of Economic Development and Trade, the Ministry of Justice (MoJ) and to a certain extent the Ministry of Finance;
- MoAPF executive agencies such as the State Forest Resources Agency, the State Agency for Fisheries of Ukraine, the State Geocadastre Agency and the State Service of Ukraine for Food Safety and Consumer Protection (SSUFSCP);
- Regional administrations of target oblasts, as well as local administrations at municipal, rayon and *hromada* levels, local communities and their community organisations;
- MSMEs and business intermediary organisations, such as Chambers of Commerce, at national and regional levels.
- Farmer' and other businesses organisations, inputs' suppliers and various service providers (machinery, extension, business development etc.).

- Institutions involved in the provision of professional education (VET institutions, State Employment Services, Regional Councils on VET).
- Bilateral development agencies and international organisations such as the Food and Agriculture Organisation (FAO), the World Bank, European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), USAID and other international organisations and civil society.

Beneficiaries:

- Direct beneficiaries at the **institutional level** will include MoAPF, its key sectoral Agencies for forestry and fisheries and their respective regional and local administrations, which will benefit from the provision of capacity development support and technical assistance in various fields (policy planning and development, state support, key general administration functions, technical and sectoral issues, ITC development etc.) thereby allowing them to continue improving the management of their sectors and the implementation of reforms in response to emerging needs, notably by rural MSMEs and small farms. Within the frame of strengthening anti-corruption measures, especially in the forest sector, or improving the efficiency of public services to end-users, these institutions may also benefit from some equipment to allow the use of e-tools and the adoption of innovative approaches and new technologies such as the digitisation of cadastral records based on block chain technology.
- In what concerns the **private sector**, rural MSMEs, small and medium size farms, producers' associations and agricultural cooperatives will benefit from matching grants (under a certain amount of investment). They will also benefit from improved advisory services and technical assistance in the development of links between entities in targeted value chains (including in support to GI products) and clusters. Business and technical service providers will also benefit from technical assistance to improve the quality of their services, but also from specific financial products (including in support to machinery leasing e.g.). Farmer associations and representation are generally under-developed in Ukraine but have an important role in mainstreaming small farmers into value chains activity. In particular, they will be offered assistance to effectively communicate to their (potential) members, and also develop an efficient lobby.
- All key stakeholders in the land sector – MoJ, MoRD, MoAPF, State Geocadastre and local governments – recognize the importance of better land governance and are committed to do their part but tend to operate in silos. MoJ, MoRD and State Geocadastre in particular will benefit from technical assistance and capacity building activities as well as financial resources to pursue necessary changes.

The **final beneficiaries** are the whole of Ukraine's rural population in target oblasts that would benefit from increased job opportunities and improved livelihoods. This is particularly important in light of the large exodus of the working age population from rural areas to cities or work abroad.

1.5 Problem analysis/priority areas for support

The vast majority of small farmers and rural households have not seen any benefit from recent agricultural growth as they have faced very difficult access to profitable markets. Ukraine has seen an unprecedented increase in very large agro-holdings over the last 15 years, complex structures made of large number of related companies with an average size of 114,000 Ha each and with several of them cultivating over 300,000 Ha. They have emerged due to a confluence of specific constraints in the agricultural sector, which have effectively stopped the normal growth and development of small, mainly family farms. These factors are the fragmentation of land and the lack of a land market, very difficult access to finance and the lack of any effective state support system for agriculture. The agro-holdings have solved these problems by affording lawyers to sign up thousands of individual lease agreements, while they have raised finance from equity investors, either privately or through international financial markets. They have used their investments from shareholders to further expand their land bank, buy new machinery and equipment, which has allowed them to develop export markets and establish in many regions a quasi-monopoly in the trade of few commodity crops such as cereals, oilseeds and sugar beets. Most of these agro-holdings have a limited profitability, except for vertically integrated businesses, and rarely contribute to the development of local communities or rural areas. However, their continuous expansion has meant that almost a third of Ukraine's highly fertile land is not available anymore to small and medium farms. The latter face increased competition and higher rent payments and are generally unable to get state support. They also face an additional problem of labour migration to the EU and it became difficult to find labour, especially for seasonal work like fruit picking.

Nowadays Ukraine faces a serious challenge requiring to improve without delay the situation of small farms, which this action is proposing to contribute to, or prepare the ground for depopulated rural areas and very low employment opportunities, largely growing commodity low added value crops and much reduced biodiversity with its consequent impacts on population livelihoods, wildlife and pollination from bees.

A number of specific factors and how they constrain economic and social development of rural areas in Ukraine are outlined below:

Weak government capacity to coordinate and support development of rural areas in Ukraine. Since the country's independence, no agreed multi-annual integrated agricultural and rural development strategy had been adopted for efficient implementation by MoAPF and its sectoral agencies. There has also been a lack of a transparent budget setting and timely implementation that could have targeted and benefitted small farmers. Furthermore, the lack of strategic policy document in land governance deprives the government the ability to visualize, plan and consistently implement land reforms in Ukraine.

MoAPF executive agencies prone to severe conflicts of interest. The poor administration of agricultural resources and the difficult regulatory environment has been an ongoing major constraint in Ukraine since independence. MoAPF involved executive agencies have systematically resisted change and have been *de facto* responsible for years for the development and implementation of policies in their respective sectors and have in parallel ensured the supervision and administration of

related resources. The management of resources in the forestry and fisheries sectors has not been implemented in a transparent and efficient manner, while the centralised administration and management of agricultural land by the State Geocadaastre has created a favourable environment for discretion, discouraging registration of public lands, and opportunities for corruption at local level and inappropriate land use.

Furthermore, as mentioned in the Baseline measurement report on the principles of Public Administration, "the steering model for Central Executive Bodies (CEBs) subordinated to ministries is inconsistent, characterised by an unsustainable mixture of excessive independence of CEBs from ministries and excessive ministerial control with regard to some of their internal management issues. This arrangement notably hampers the shift from process-oriented (bureaucratic) accountability to results-based accountability for bodies subordinated to the Government that should combine managerial autonomy with a strong accountability regime focused on outcomes"².

Access to agricultural extension and business advisory services. The range and quality of services to support business creation and growth is low. MoAPF has failed for years to design and support the establishment of sustainable agricultural extension schemes and there are almost no active extension services in Ukrainian rural areas. This further exacerbates the situation of small farms, which have not been provided with effective advice on how to develop and integrate with value chains and also lack the necessary funds and knowledge to take advantage of such services when they exist. Furthermore, although Chambers of Commerce and business associations provide some training and advisory support, qualified legal, financial and marketing advice is largely unavailable or available only in the regional capitals, making it inaccessible for farms and SMEs in rural areas.

Small farms have a poor access to finance and profitable markets. Small farms have had very difficult access to finance and investment and may be unable to buy agricultural land should the market open in the coming years. Furthermore, in most of Ukrainian rural areas, insufficient or overly distant support infrastructure and certification facilities combined with poor transport connections compound the difficulty of small farms and local businesses to access markets beyond the region or further afield. Very few successful co-operatives or producer groups have been set up and very few small farms could integrate the existing ones due to their technical and financial unpreparedness. Hence weak collective bargaining power leaves small farmers open to exploitation by larger operators and wholesalers, this decreasing the value of their crop or product at point of sale.

Fragmentation of land administration system. The difficult, bureaucratic and long process of registration of land transfers or land leases has been especially difficult for small farmers who cannot afford hiring a lawyer to assist them. Market-based land valuation is also poorly developed while incomplete and erroneous cadastral data/records increase land transaction costs and undermine tenure security.

² Baseline measurement report on the principles of Public Administration, June 2018, p.90.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
The Government ceases to be committed to the Association Agreement with the EU and its DCFTA.	Low	Pursue the dialogue with the GoUA within the frame of AA/DCFTA Sub-committees and continue providing technical assistance where and when needed.
Slow pace of government implementation of reforms in the land and agricultural sector notably targeting small unregistered farms and resistance to change by MoAPF executive agencies.	High	Support the empowerment of MoAPF in sectoral policy development and increase capacities, especially at oblast level, to get decisions endorsed and their implementation strictly monitored on the ground.
Small farmers are reluctant to engage in a formal economy for trade and thereby be formally registered.	Medium	Prioritise activities to promote farmers' registration and assist farmers to access banking services and obtain grant and other financial support from donors or state support schemes.
Lack of local agricultural extension and business service providers, notably willing to work with smaller farms.	Medium	Adopt a value chain approach based on identified geographical clusters and use good local networks to promote the role of service providers and opportunities to create sustainable advisory business.
Persistent abuses of the rule of law and corrupt schemes in the land sector	High	Continue providing support to free legal aid at rayon level and to the action of the anti-raider committees
The Government is not committed to the sale of State Land	Medium	In addition to the planned capacity building, ensure a phase in of the land reform by mobilising more 'progressive' <i>Hromadas</i> in pilot regions that would be specifically supported.
<p>Assumptions:</p> <ul style="list-style-type: none"> □ There is no significant increase or expansion of the conflict in the east of Ukraine and the political and macroeconomic situation of the country remains stable without significant restricted access to international markets. □ The Agricultural and Rural Development Strategy and the Fisheries Strategy are both supported by costed and prioritized Action Plans to 2025 and their funding is ensured in the annual budgets. □ The Government is politically willing to reform the forestry sector and address illegal, unreported and unregulated tree felling, wood trade and exports. □ The Government of Ukraine and MoAPF are willing to place small and medium farms at the core of their State support programmes and disengage from supporting larger farms or agro-holdings. 		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

Local ownership and legal adoption of strategic documents

EU support to MoAPF since 2015 has been the cornerstone for the development of policies in agriculture and rural areas. Despite uninterrupted efforts and coordination of other donors operating in the sector, the ARD Strategy 2020, which was developed by over 100 mainly local experts did not gain ‘real ownership’ from the GoUA and faced strong resistance from some stakeholders and key agencies. Technical Assistance is therefore envisaged at strengthening target institutions to ensure they gain the capacity to develop their policies in-house and make sure that these are legally adopted for effective implementation.

Slow pace of reforms in the ARD sector and institutional changes

A slower pace of policy development and institutional reform in MoAPF and ARD sector could be noted, notably due, in part, to resistance from some of the executive agencies involved, the absence of any leadership for almost two years, lack of political will and the long procedure to go through the various levels of government prior to submission of legal documents to a sometimes unpredictable parliament. Despite unambiguous successes, these factors have seriously delayed reforms, notably for securing a regulatory and institutional environment prone to investments in rural areas, including for small farms. This is notably reflected by the fact that the Action Plan for PAR had to be amended in October 2017³ in order to adjust the original deadlines since the latter were assessed having been overly optimistic.

However, strong foundations could already be built, and further Technical Assistance will be needed to sustain ongoing MoAPF's efforts in the years to come.

Need for an agrarian producers' registry and a new payment agency

Most of the recent state support funding has been ‘captured’ by larger farms, including some of the agro-holdings. This is due to the poor design of state support programmes' targeting but also to the fact that small farms continue to operate in the informal economy as micro, fragmented producers, although they produce the large majority of horticultural and livestock products in Ukraine. Not recognised as formal businesses, they are therefore not recorded in the MoEDT business register. The latter is ill-adapted to their situation and their registration may immediately require that they pay taxes, even though through a simplified scheme. The establishment of a national farm register in Ukraine would therefore allow MoAPF to better know the stakeholders of which needs they have to address and substantially improve the quality of its state support policies. MoAPF delivers its state support funding through an Agrarian Fund, which operates in a concealed and totally inefficient way. The sector does require the establishment of a reliable and transparent payment agency that would have to be developed independently from the existing Fund in order to mitigate the risk for corruption.

³ Baseline measurement report on the principles of Public Administration, June 2018, p.11.

Value chain approach to secure the development and sustainability of producers' groups.

Producer associations are weak and even though some progress has been made in Geographical Indication registration of cheeses, wines and fruit products, much remains to be done to strengthen their position. Co-operatives or joint marketing initiatives are rare and usually occurred due to the presence of a project to support and develop them. Value chains are generally not established and small farmers are usually forced to sell their products and crops at low prices at or soon after harvest.

The development of value chains has been one of the most successful innovations in development aid over the last decade, as it supports the development of viable, sustainable commercial business with identified markets. It also facilitates the aggregation of production from small farmers, improves product quality and increases competitiveness. Value chain development projects across Ukraine have generally been rather successful, especially when focused on small farmers in livestock, dairy and horticulture, where there is greater potential for added value from small areas of land. These projects have improved sustainability, notably of the established agricultural cooperatives by focusing on the needs of all value chain stakeholders and have developed commercial services to sustainably support producers. Eventually, prior to the establishment of commercial cooperatives, it is strongly suggested to legally allow for the establishment of producer groups to reinitiate cooperation in the agricultural production sectors.

Full land registration and local involvement in land management

Having state and communal land fully registered is essential to empower local communities, provide a sustainable source of revenue for them, and set a reference price for agricultural land sales that will ease the lifting of the moratorium on land sales. Furthermore, to be sustainable, any effort at reform needs to involve not only MoAPF and its State Geocadastre Agency, but also MoJ, MoRD and local authorities (*hromadas*). In doing so will ensure the latter have the capacity to manage land that is transferred to them in an effective and transparent way, ideally drawing on infrastructure (e.g. service centres) made available by other programmes.

3.2 Complementarity, synergy and donor coordination

EU Activities

Since 2014 the EU has been heavily involved in **supporting the development and implementation by MoAPF of reforms in the agricultural sectors**, including within the frame of the AA/DCFTA in what concerns sanitary and phytosanitary measures (about EUR 20 million over the period). These targeted small to medium-size interventions have also allowed the development of the capacity of concerned institutions, notably MoAPF and the State Service of Food Safety and Consumer Protection (SSUFSCP). The EU has also been leading the dialogue between the GoUA and the international community under several sectoral reforms, including in the land, fisheries and forestry sectors. This programme is a continuation of these interventions and will be built upon past achievements.

The **EU Public Administration Reform Project** (EU4PAR) directly contributes to the efforts of the GoUA in implementing a comprehensive public administration reform, piloted in 10 ministries and 2 executive agencies. MoAPF is part of the target administrations and the project will provide the required technical assistance to build its capacity and support its institutional reforms under the guidance of the EU4PAR and within the frame of the overall PARS' requirements.

Under the **EU Support Programme to the East of Ukraine** (EUR 50 million, 2019-2022) MSMEs and small farms are at the core of its economic development component. The programme will therefore not operate in eastern Oblasts and target other regions following a similar approach to value chain development.

The current action will work in close coordination with EU's interventions under **EU4Business** which improves business climate and access to credit for SMEs across Ukraine through different facilities. In the agricultural sector, the SME Finance Facility and small business support merely focus on cooperatives formed by medium size farms. The programme will assist smaller farms to close the technical gap and make the necessary investments to improve the quality of their products and thereby join established cooperatives.

EIB – The EUR 400 million EIB Agri-food Value Chain Investment (credit line amounting EUR 400 million) and Technical Assistance Project (additional grant of EUR 5 million) for financial intermediaries and SMEs in three sectors – cereals, oilseeds and aquaculture – has been launched at the beginning of 2019 and is likely to provide the bulk of its credit to larger SME farms. This programme will directly complement the Agri-apex loan by addressing the needs of small farms and a focus on value chains such as dairy and fruit and vegetables.

Other donors' activities

Canadian support has been implementing a dairy project in Lviv and Dnipro Oblasts (phase II, CAD 19.7 million, 2014-2021) that has successfully developed family farms, although very few are officially registered. The Canadian Horticultural Development Project (CAD 19.7 million, 2014-2020) is also working with thousands of small farms and households in the southern oblasts and this programme facilitates their access to finance and state support and encourages them to operate in the regular economy.

USAID has recently launched a large initiative in Eastern Ukraine to support economic recovery and specific value chains across a number of sectors (USD 65 million), which will include a grant programme to small businesses (including farms). Similarly as for the EU Special Measure for Eastern Ukraine, this programme will coordinate its geographical coverage so as to avoid duplication, but will liaise with these interventions to support the registration of the smallest farms. The **USAID 'Agriculture and Rural Development Support'** (ARDS – USD 30 million) Project is working on land policy and the development of value chains throughout several regions of Ukraine and should be prolonged by another intervention, which is currently under formulation.

The **World Bank** is finalising the design of a major "Accelerating private investment in Agriculture" programme (USD 200 million loan over a 5-year timeframe) to improve the enabling environment for private investment in agriculture and agribusiness sectors. This programme will directly complement the WB intervention by providing technical assistance and building capacity as well as the evidence base in a proactive way, allowing the adoption of a medium-term strategic planning approach in the agricultural sector and the establishment of a producers' registry, fostering land rights protection and finalising the integration of the land cadastre and the registry of land rights.

Several German projects are actively working in the sector (support to sustainable development of trade, EUR 2.1 million, 2019-21, cooperation in organic agriculture, EUR 1.76 million, 2016-19), including within the frame of the German-Ukrainian Agricultural Policy Dialogue (EUR 2.6 million, 2019-21), a long running project that undertakes independent evidence-based analysis and provides advice on policies related to the agriculture sector, land administration and sustainable, multifunctional use of forests (e.g. support the National Forest inventory). This programme will complement these interventions through the improvements of the land cadastre (inclusion of forest plots and liaison with the forestry cadastre), the improvement of the wood e-tracking system and strengthening of newly established Directorates General at MoAPF.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

Overall objective

To contribute to a more inclusive and competitive growth-orientated agricultural sector, respectful of the environment, and thereby fight against impoverishment and depopulation of Ukrainian rural areas.

Specific objective

Improved and transparent governance of agricultural resources, including land, which provides an appropriate environment for the sustainable development of rural areas focused on small and medium sized farms and SMEs, well integrated into consolidated value chains.

Expected results

COMPONENT 1 – INSTITUTIONAL AND SECTORAL REFORMS IN AGRICULTURE AND RURAL AREAS.

Result 1.1 A functioning and reformed MoAPF with an appropriate institutional structure, is able to implement the approved Agricultural and Rural Development Strategy and the AA/DCFTA.

Result 1.2 MoAPF executive agencies have devolved policy implementation functions, thereby ensuring better and more sustainable management of resources, notably in the fisheries and forestry sectors.

Result 1.3 State Support programmes that are effectively targeting small and medium family farms are implemented in a transparent and accountable manner and within a medium-term budget framework.

COMPONENT 2 – STRENGTHENING OF AGRICULTURAL VALUE CHAINS AND SUPPORT TO SMALL FARMS.

Result 2.1 Small farms are better integrated in agricultural value chains and benefit from targeted state support programmes that facilitate their participation to producer organisations (farmer groups) or co-operatives.

Result 2.2 Access to finance for small farms is improved and more flexible to foster investments and production capacity.

COMPONENT 3 – SUPPORT TO THE LAND REFORM

Result 3.1 A roadmap to clearly define in a consistent way rights to all types of land, which ensures interoperability and allows transfer of rights at low transaction cost in competitive markets is agreed by all relevant parties and its implementation launched.

Result 3.2 The institutional framework to manage land rights, plan land use and use land-based revenue for public goods that improve rural areas' attractiveness and enhance smallholder competitiveness is well defined and its implementation launched.

Main activities

COMPONENT 1 – INSTITUTIONAL AND SECTORAL REFORMS IN AGRICULTURE AND RURAL AREAS.

1.1 A functioning and reformed MoAPF is able to implement the approved Agricultural and Rural Development Strategy and the AA/DCFTA

- 1.1.1. Assistance is provided to MoAPF to support the **implementation, monitoring, reporting and evaluation of the agriculture and rural development strategy** and action plan, including its part dedicated to the development of small/family farms.
- 1.1.2. Information, training and advisory support delivered to MoAPF **for the development of effective policies and operation of a project implementation unit**, also aimed at enabling better understanding and adoption of good agricultural practices.
- 1.1.3. Support MoAPF in **finalising its Institutional Reform** within the frame of PARS overall requirements and guidance and further strengthen its Directorates for Strategic Planning and EU Integration, Food Safety, Rural Development, agri-resources and agricultural productions.
- 1.1.4. Provide MoAPF with **support to Medium Term Budget Planning and implementation of MTSEF** in line with Ministry of Finance's obligations and EU best practices and support the **modernisation of MoAPF (and its agencies) IT systems** following an approved comprehensive IT strategy.
- 1.1.5. Assist MoAPF so that its objectives and associated **KPIs for budget programmes** are SMART and **realigned to the strategic goals of the strategy** and action plan to 2025.

1.1.6. Provide specific technical assistance and support MoAPF in **the approximation of Ukrainian legislation to the EU Law** under the AA/DCFTA and the agreed strategy and action plan 2025.

1.1.7. Further support **the development of GIs** in line with the AA/DCFTA through capacity building and institutional strengthening measures, including their promotion and registration of GI producer associations and products.

1.2 MoAPF executive agencies have devolved functions and are responsible for sector policies' implementation.

1.2.1. Support MoAPF in **the introduction of a supervision and reporting model** between the ministry and its executive agencies that allows a certain level of accountability as per PARS requirements.

1.2.2. Support the design and adoption of a **forestry development strategy and action plan**, including a functional review of the State Forest Resources Agency.

1.2.3. Further develop and support the improvement of **a transparent e-tracking system for wood (products)** from at least felling to sawmills, and possibly processing and export.

1.2.4. Support MoAPF in implementing the **institutional reform in the forestry sector, notably the separation of responsibilities** between institutions and the spin-off of commercial activities from the State Forest Resources Agency.

1.2.5. Support the **restructuring of fisheries management and administration** as per the sector reform strategy and action plan and the development of self-regulatory approaches by the fishery's industry.

1.2.6. **Develop the monitoring of fish stocks**, the modernisation and harmonisation of data of fish stocks and fleet inventory with EU data collection regulation and ensure timely information is published on the internet with free access.

1.2.7. Develop the **transparent certification of fishing vessels** by the State Agency for Fisheries of Ukraine as per EU norms and standards.

1.3 State Support programmes effectively target small and medium family farms.

1.3.1. **Support the development**, implementation, control and monitoring – incl. the improvement of the regulatory environment – **of MoAPF state support programmes** that are effectively targeted, managed and monitored with full transparency, focused on the development of small/family farms and rural MSMEs and encouraging good agricultural practices in line with EU best practice.

1.3.2. **Training, information and advisory support** to improve understanding of the development process of state support policy to farmers and MSMEs in rural areas, prioritisation of programmes, payments mechanisms/agencies, monitoring and control.

1.3.3. Support the development and management of **a MoAPF National agrarian register of agricultural producers** and of simplified systems for farm registration.

- 1.3.4. Support the adoption and **implementation of a communication strategy** for improving the exchange of information particularly related to reforms in agriculture between Government, regional administrations and farmers.
- 1.3.5. **Advise farmers** (and groups of farmers) **on the benefits of farm registration** and facilitate their access to state support and other programmes.

COMPONENT 2 – STRENGTHENING OF AGRICULTURAL VALUE CHAINS AND SUPPORT TO SMALL FARMS.

2.1 Small family farms are better integrated in agricultural value chains.

- 2.1.1. **Carry out a market sector analysis for the identification of priority value chains** (and geographical clusters where small farms are densely represented), of which stakeholders, bottlenecks and development perspectives would be closely assessed.
- 2.1.2. Support the **development of value chain policies** and strengthen selected value chains in geographical clusters through an integrated and inclusive approach, aimed notably at the integration of small farms, market linkages, promotion of modern agri-technologies and the adoption of good agriculture practices.
- 2.1.3. Support the **design and testing of agricultural extension systems**, with **trained and supported service providers working for MSMEs, farms and value chain stakeholders** able to provide practical advice and tailored training. Emphasis could be on legal and tax requirements, preparation of business plans, energy efficiency, innovation and good practices, and women in business.
- 2.1.4. In target value chains, support the co-operation between MSMEs, farmers and other stakeholders **through the establishment and strengthening of producer organisations**, co-operatives or other forms of farmer groups (especially focused on storage, grading and marketing of produce, incl. on women groups and women-owned businesses) and service contracting schemes (incl. for machinery services).
- 2.1.5. Support the **quality and marketing of locally produced products** through investments (storage and packing), technical assistance and innovations, branding and potentially GI registration.
- 2.1.6. Support the development of buyer/small farmer linkages and trade links between businesses of different regions of Ukraine through the **organisation of and participation in business and investment fairs.**

2.2 Access to finance for small farmers is improved and more flexible.

- 2.2.1. Identify and assess opportunities and **needs for further investments by MSMEs and small farms**, including in target value chains and establish eligibility criteria for different investment projects and beneficiaries.
- 2.2.2. **Training, advice and support to small/family farms** and agriculture advisers on financial literacy and access to grant support for farm expansion.
- 2.2.3. Establishment and **effective operation of a matching grant scheme for small/family farm** development, targeting smaller size investments such as for

seasonal trade finance (inputs), small investments in machinery, equipment and infrastructure (etc.), based on pre-defined criteria.

COMPONENT 3 – SUPPORT TO THE LAND REFORM

3.1 *A roadmap to clearly define in a consistent way rights to all types of land, which ensures interoperability and allows transfer of rights at low transaction cost is agreed and implemented.*

- 3.1.1. **Support the development and finalisation of the land reform/governance strategy** covering reform of the Cadastre & registry of rights.
- 3.1.2. Support the implementation of the land reform/governance strategy, notably towards **integration of the Cadastre and Registry of Rights**.
- 3.1.3. Assist the Cadastre and Registry in **unifying, digitalization, error correction** and making accessible to public all cadastral and registration data through the adoption of necessary regulations and required capacity building.
- 3.1.4. Support the **streamlining of procedures and decrease of timing to register** agricultural and forest, residential, and non-agricultural land transfers, including transfers from state/communal to private ownership.
- 3.1.5. Support the **improvement of bank's access to registry data** to facilitate increased mortgage lending to farmers and ensure availability of information on market-based land valuation.

3.2 *The institutional framework to manage land rights, plan land use and use land-based revenue is well defined and implemented.*

- 3.2.1. Conduct **functional review of institutions in the land sector** to ensure proper distribution of roles and responsibilities and assist the Government of Ukraine in implementing the relevant recommendations.
- 3.2.2. Assist in the **development of regulations and performance standards** to encourage competitive environment and private sector involvement in land service delivery.
- 3.2.3. Enhance **the regulatory framework** for villages, rayons, *hromadas*, and oblast governments in planning and land management.
- 3.2.4. Assist **local governments in elaborating masterplans** using a participatory methodology to effectively manage their land via e-auctions and increase local budget revenues.
- 3.2.5. **Train local government staff** to ensure adherence to proper procedures in planning and potential transfer of state land to private parties and provide Legal Aid to land owners who may need it.
- 3.2.6. Support the **establishment of a land dispute monitoring system** and, on this basis, identify, introduce, and evaluate alternative dispute resolution mechanisms (including ombudsman and out of court foreclosure) for land related issues.

4.2 Intervention Logic

Small farmers have been neglected during the reform process and face a difficult regulatory environment as well as poor access to finance. This has encouraged most of them to operate in the shadow economy and has hindered their social and economic development for many years. Since small farms and businesses are amongst major economic actors in rural areas throughout Ukraine, this has severely impacted on the development of local communities as well.

This Action is a comprehensive set of measures to improve access to finance for small farmers through a combination of grants and state support to encourage them to operate in the regular economy and become part of sustainable value chains, supported by professional (agricultural extension and business development) service providers and input and machinery suppliers. The Action will also improve the capacity of MoAPF and its agencies to adequately deliver state support to specific targeted groups within an agreed ARD strategy and action plan, along with much improved procedures for land registration and transparent administration. This will provide improved governance of agricultural resources and contribute to a more inclusive, sustainable and competitive sector.

4.3 Mainstreaming

Gender: The Action, through gender mainstreaming and women's empowerment, will seek to ensure that the needs of women and men are adequately considered and addressed. Agro-holdings and larger farms employ few women (other than in administration or accounting) and so distort an already difficult labour market for women. Small farms keep much more livestock and grow a diverse range of crops and have a much larger share of women involved both in labour and in management and ownership positions. The project will pay particular attention to ensuring that women's social and economic rights are fulfilled as per the EU Gender Action Plan 2016-2020, notably through their participation in proposed agricultural and business development activities, and access to financial resources for investment.

Nutrition and health: Agri-food value chain actions will enable increased food production from a larger variety of crops and livestock, thereby directly impacting on the health and nutritional status of the local population. Furthermore, agro-holdings bring large equipment for 1 or 2 days to a village to cultivate and plant crops before disappearing. They hardly provide any employment opportunity locally. The support and development of small farms is therefore important to preserve rural life in Ukraine and provide more employment. Improved rural livelihoods will also contribute to improved nutrition of the vulnerable rural population, and thereby improve their overall health.

Environmental sustainability: Farmers will be encouraged to diversify their cropping patterns (including through the plantation of orchards), which can contribute to a greater biodiversity of wildlife in arable areas. The development of small farms and transfer of land management scheme to the local level will also allow for controlling the expansion of agro-holding, preserve hedges and thereby increase rural areas'

biodiversity potential. The promotion of good agricultural and environmental practices – including in relation to the use of fertilisers and agro-chemicals – amongst producers and value chain stakeholders will also contribute to environmental sustainability. Eventually, the reform of the fisheries sector and establishment of public-private partnerships will allow for the repopulation of main rivers with fish species.

Fight against corruption: the improvement of the efficiency and transparency of public services to end-users will contribute to strengthen anti-corruption measures, notably in the land sector. Reform of the State GeoCadastre Agency and the notary system, transfer of land management to local authorities will complement the development of e-tools and the adoption of innovative approaches and new technologies and thereby secure the rights of land owners and farmers, including the smallest ones.

4.4 Contribution to SDGs

This intervention is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDGs 2 ("End hunger, achieve food security and improved nutrition and promote sustainable agriculture") and 8 ("Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"), while also contributing to SDG 15 ("Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity").

Target 2.3 aims at elements defined under SDG 2 by doubling agricultural productivity, primarily through innovative technologies. Small farms have much higher levels of output per ha and grow more intensive crops, especially fruit and vegetables, which can produce many times the level of cereals and oilseeds' output. Improved access to finance for small farmers along with better access to markets can radically improve the production levels and labour productivity per worker. Good examples of this can be seen in neighbouring countries like Poland, which has supported the development of small and medium sized farms while it also has very few large farms. This intervention will also increase the availability of meat, milk and fruit. This should increase local consumption, which is a key indicator of target 2.1. Target 2.4 aims at ensuring the development of sustainable food production systems that help maintain ecosystems and gradually improve the quality of land and soil, primarily through innovative technologies. The rapid growth of very large agro-holdings, which largely use chemicals and fertilisers is a real threat to the quality of soils and to the biodiversity, specifically to bees. Bees are essential for the pollination of over 70% of global food production and the experience of the growth in intensive, commodity agriculture in other countries has demonstrated a rapid decline in biodiversity and bee populations. In line with SDG 8, this action also promotes increase in job opportunities notably for youth, and a safe and secure working environment, which is linked to the stimulation of added value and the increase in employment in rural MSMEs, as well as within good agricultural practice.

Finally the improved management and administration of forestry resources proposed in this action are fully in line with SDG 15.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the government of Ukraine.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is **84 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 Decision and the relevant contracts and agreements.

5.3 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 measures⁴.

5.3.1 Component 1 – Results 1.1, 1.2 (partial) and 1.3

5.3.1.1 Procurement (direct management)

One service contract will be concluded to support government authorities' capacity in the implementation of institutional and sectoral reforms in Agriculture and Rural Development areas and will contribute to the achievement of Component 1.

5.3.2 Component 1 – Result 1.2 (partial) and Component 2

5.3.2.1 Indirect management with an entrusted entity

A part of this action may be implemented in indirect management with an entity which will be selected by the Commission's services using the following criteria:

- Over 5 years of cumulated operational presence in Ukraine;
- Having supported the implementation of sectoral and institutional reforms at a national level and in support to regional authorities;
- Having worked in areas related to this programme, notably in enhancing policies and technical capacities for value chain development, establishment of public-private dialogue, forestry and/or fisheries and aquaculture;

⁴ 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.

- Absence of conflict of interest in Ukraine, notably related to commercial activities in the sectors of agriculture production, forestry and fisheries.

The implementation by this entity entails the provision of specific technical assistance under component 1 – result 1.2 in the support of sectoral and institutional reforms in the area of forestry and fisheries (improvement of the wood e-tracking system, fish stock monitoring and fishing vessels control tools etc.).

It also entails the implementation of component 2, i.e. identification and strengthening of target value chains in geographical clusters, support small farmers to access finance and improved business support and extension services, acquire new technology and good agricultural practices and establishment of functioning agricultural producer organisations / co-operatives or other farmer groups.

5.3.3 Component 3

5.3.3.1 Indirect management with the World Bank

A part of this action may be implemented in indirect management with the World Bank Group. This implementation entails the support to the Land Reform (Component 3) and notably the improvement in Ukraine of land governance and management tools and institutions.

The envisaged entity has been selected using the following criteria: the World Bank Group has taken a leading role in supporting the Government of Ukraine in the design and implementation of the Land Reform. Since 2003, the World Bank Group has implemented numerous land reform projects in Ukraine, which has allowed them to accumulate significant expertise in the sector and above all to maintain an efficient policy dialogue with all concerned stakeholders – the Cabinet of Ministers, MoAPF, MoEDT, MoRD and several other government authorities – in view of implementing the land market reform, considered as the critical element for further implementation of the land reform agenda. Several international organisations including the IMF and USAID rely on the World Bank Group technical expertise for the implementation of their programmes in the sector, which provides an opportunity for effective coordination and mutual reinforcement of donor-supported activities. Eventually, land reform is clearly identified as one of the objectives in the World Bank Group Country Partnership Framework for Ukraine, underlining its continuous engagement in support to the land reform agenda and making the World Bank Group a reliable and sustainable partner in future land governance developments.

In case the envisaged entity would need to be replaced, the Commission's services may select another replacement entity using the same criteria.

5.4 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 products and services in the

markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
Component 1: institutional and sectoral reforms in the ARD areas, composed of:	8 000 000.00	
- Procurement (direct management) – total envelope under section 5.3.1	7 000 000.00	N.A.
- Indirect management with an entrusted entity – cf. section 5.3.2	1 000 000.00	0.00
Component 2: strengthening of agricultural value chains and support to small farmers, composed of:	7 500 000.00	
- Indirect management with an entrusted entity – cf. section 5.3.2	7 500 000.00	0.00
Component 3: support to land reform, composed of:	10 000 000.00	
- Indirect management with the World Bank – cf. section 5.3.3	10 000 000.00	0.00
Evaluation (cf. section 5.9)	300 000.00	N.A.
Audit/ Expenditure verification (cf. section 5.10)		
Communication and visibility (cf. section 5.11)	200 000.00	N.A.
Contingencies	0.00	N.A.
Total	26 000 000.00	0.00

5.6 Organisational set-up and responsibilities

Detailed terms of reference/description of action will be developed by or in close collaboration with the Commission for each individual action, including the experts' team, the management structure, the composition of the Steering Committee in charge of the supervision of the project, etc.

5.7 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's 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 results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix (for project modality).

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and 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).

5.8 Evaluation

Having regard to the importance of the action, mid-term and final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission.

Mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to components 1 and 3 to assess progress and validity of the approach.

Final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that component 2 entails the support through a matching grant scheme and component 3 aims at facilitating the implementation of the land reform in Ukraine, notably through pilots and a phased in approach.

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the evaluation 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. 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.

5.9 Audit

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 audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.10 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

It is foreseen that a contract for communication and visibility may be contracted.

- Appendix 1: Glossary.
- Appendix 2: Indicative Logframe Matrix (for project modality).

APPENDIX 1 – GLOSSARY

ARD Strategy	Agricultural and Rural Development Strategy
ATC	Amalgamated Territorial Communities or <i>Hromadas</i>
CEBs	Central Executive Bodies
CoMU	Cabinet of Ministers of Ukraine
DGs	Directorates General
EU	European Union
EU DEL	European Union Delegation
FAO	Food and Agriculture Organisation
GAP	Good agricultural practices
GDP	Gross Domestic Product
GI	Geographical Indication
GoUA	Government of Ukraine
GFCM	General Fisheries Commission for the Mediterranean
GUF	German-Ukrainian Fund
IFI	International Financing Institution
KfW	Kreditanstalt für Wiederaufbau
MTSEF	Medium Term Sectoral Expenditure Framework
MoAPF	Ministry of Agrarian Policy and Food
MoEDT	Ministry of Economic Development and Trade
MoJ	Ministry of Justice
MoRD	Ministry of Regional Development, Construction and Communal Living
NGO	Non-governmental Organisation
PFM	Public Finance Management
SSUFSCP	State Service of Ukraine for Food Safety and Consumer Protection
TSD	Trade and Sustainable Development
VC	Value Chain
VET	Vocational Education and Training
WB	World Bank

APPENDIX 2 - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
Impact (Overall Objective)	To contribute to a more inclusive and competitive growth-orientated agricultural sector, respectful of the environment, and thereby fight against impoverishment and depopulation of Ukrainian rural areas.	Macro agricultural indicators – Production levels and exports of key agricultural products; Farming and rural population average revenues, disaggregated for size of farms Migration flows from rural areas. Improvement of Ukraine's 'Ease of doing business' ranking (IFC)	National statistics disaggregated for the project regions World Bank Doing Business report.	<i>Not applicable</i>
Outcome (Specific Objective)	Improved and transparent governance of agricultural resources, including land, which provides an appropriate environment for the sustainable development of rural areas focused on small and medium sized farms and SMEs, well integrated into consolidated value chains.	Status of the capacity of MoAPF in policy and strategy development, legal drafting, communications, programme and finance management, and monitoring Proportion [%] of the Ukrainian Agriculture and food safety legislation further aligned with that of the European Union Status of State agricultural land management [million Ha] Status of producer associations and number of functioning agricultural producer organisations / co-operatives or other farmer groups in target value chains.	National and regional authorities reports, plans and programmes Statistical data Operational conclusions of related Sub-committees under the AA/DCFTA, notably Cluster V, SPS and TSD. Sociological surveys Project reports Media report Perception Surveys	The Government of Ukraine and MoAPF continue to be committed to the implementation of the Association agreement / DCFTA between the EU and Ukraine, and notably its SPS and agricultural part. Macro-economic stability No significant increase or expansion of the conflict in the east of Ukraine Ukraine continues to have free access to trade through all Black Sea ports and there is no significant illegal barriers to foreign trade
COMPONENT 1 – INSTITUTIONAL AND SECTORAL REFORMS IN AGRICULTURE AND RURAL AREAS				
Output 1.1	A functioning and reformed MoAPF	1.1.1. Status of institutional structures within	MoAPF / DGs	The Agricultural and Rural

	with an appropriate institutional structure, is able to implement the approved Agricultural and Rural Development Strategy and the AA/DCFTA	<p>MoAPF</p> <p>1.1.2. Implementation status of the Agricultural and rural development (ARD) strategy and action plan with a particular emphasis on small farm development and the adoption of GAP.</p> <p>1.1.3 Number of Ukrainian agriculture and food safety legislation (laws and by-laws) approximated annually to EU legislation.</p> <p>1.1.4. Status of the implementation of a Medium Term Sector Expenditure Framework (MTSEF) and budget execution by MoAPF</p>	<p>organogramme, mandate and functions, staffing records and terms of reference.</p> <p>Monitoring reports, state statistics.</p> <p>Published laws and by-laws, CoMU and Parliament's records Operational conclusions of related Sub-committees under the AA/DCFTA, notably Cluster V, SPS and TSD.</p> <p>MTSEF document Project monitoring and activity reports. Programme Budget performance reports which link results achieved to the resources provided</p>	<p>Development Strategy 2025 is legally adopted with Costed and Prioritised Action Plan</p> <p>Strategy Action Plan contains well specified Objectives and Key Performance Indicators (KPIs)</p> <p>Continuation and institutionalisation of MoAPF PFM Working Group</p>
Output 1.2	MoAPF executive agencies have devolved policy implementation functions, thereby ensuring better and more sustainable management of resources, notably in the fisheries and forestry sectors.	<p>1.2.1 Status of the forestry sector reform strategy and action plan</p> <p>1.2.2 Status of the electronic tracking system of wood (and forest products) for all users</p> <p>1.2.3. Distribution of functions between institutions in the fisheries sector.</p> <p>1.2.4 Fisheries commercial operations and related activities are privatised.</p>	<p>Project Monitoring reports. Data and annual activity reports from Forestry and Fisheries agencies CoMU publication records</p> <p>TA reports from projects and data from Forestry Agency annual reports</p>	<p>The Government of Ukraine is politically willing to reform the Forestry sector and address illegal, unreported and unregulated tree felling and wood trade and exports.</p> <p>The Medium term Fishery Strategy and Action Plan are formally adopted.</p>
Output 1.3	State Support programmes that are effectively targeting small and medium family farms are implemented in a	1.3.1. Status of sectoral support plans and subsidy payments, monitoring and control system under an improved MoAPF	MoAPF annual report on State Support programmes	The Government of Ukraine and MoAPF willing to place small and

	transparent and accountable manner and within a medium-term budget framework.	<p>assistance programme to farms and MSMEs.</p> <p>1.3.2. Number of small farms that have obtained state support, including proportion [%] women farmers and young (women) farmers.</p> <p>1.3.3 Status of the National Agrarian Register and number of farmers that have formally been registered in it (incl. proportion [%] of women-led farms).</p> <p>1.3.4 Predictability and timing of state support provided to agrarian producers, incl. uptake by (family or small) farms [%]</p> <p>1.3.5 Share [%] of resources targeting small farms effectively / efficiently spent.</p>	<p>German-Ukrainian Policy dialogue and project implementation reports</p> <p>State and MoAPF statistics</p>	<p>medium family farms at the core of its State support programmes and disengage from supporting larger farms or agro-holdings.</p>
COMPONENT 2 – STRENGTHENING OF AGRICULTURAL VALUE CHAINS AND SUPPORT TO SMALL FARMS				
Output 2.1	Small farms are better integrated in agricultural value chains and benefit from targeted state support programmes that facilitate their participation to producer organisations (farmer groups) or co-operatives.	<p>2.1.1. Number of business support and extension services' providers that strengthened their capacities in target value chains and improved their services to farmers and MSMEs in rural areas, especially using new technology, 'smart farming' and good agricultural practices;</p> <p>2.1.2 Numbers of farmer / buyer linkages and trade contracts in geographically clustered value chain supported by the project;</p> <p>2.1.3. Number of small farms and MSMEs (incl. proportion [%] of women-owned businesses) which scaled-up their businesses in target value chains.</p> <p>2.1.4. Number of farmers who are members</p>	<p>Monitoring and activity reports.</p> <p>Farm surveys through individual project in support to VCs.</p> <p>Investment fairs and commercial contracts. Agricultural statistics.</p>	<p>Promotion of new technology in small farms by service providers and adoption of 'smart farming' by progressive small farmers</p> <p>The possibility for gathering in producers' association is ensured</p>

		<p>of producer organisations or cooperatives in target value chains and proportion [%] of [registered] smaller farm members (incl. proportion [%] of women-led farms).</p> <p>2.1.5. Number of jobs created in target value chains with gender disaggregated data.</p>		
Output 2.2	<p>Access to finance for small farms is improved and more flexible in order to foster investments and production capacities</p>	<p>2.2.1. Status of the matching grant scheme aimed at providing financial support for farm and rural MSME development in local currency;</p> <p>2.2.2 Number of farms and MSMEs that have received financial support through the grant scheme (incl. in target value chains) and total amount [EUR] of investments made thanks to these grants.</p> <p>2.2.3. Number of new jobs created and/or sustained in the supported farms and MSMEs.</p>	<p>Survey of financial instruments provided to different categories of farms by individual project in support to VCs.</p> <p>Project monitoring and activity reports. Report on disbursement of grants and loans. Banking sector reports MSME Surveys. Media reports.</p>	<p>The economy of Ukraine continues to grow. Banks accept immovable assets and future crops as collateral and accept to extent loans to small farmers.</p> <p>Law on land turnover is adopted and the land market is in place</p>
COMPONENT 3 – SUPPORT TO LAND REFORM				
Output 3.1	<p>A roadmap to clearly define in a consistent way rights to all types of land, which ensures interoperability and allows transfer of rights at low transaction cost in competitive markets is agreed by all relevant parties and its implementation launched.</p>	<p>3.1.1. Status of the land reform/governance strategy and the cadastre & registry of rights as a basis for impartial enforcement of regulations for land and environmental management in line with EU standards;</p> <p>3.1.2. Status of all registries recording rights and investments (buildings, irrigation channels, forest, etc.) for rural and urban land;</p> <p>3.1.3. Number of steps and time needed to register agricultural and forest, residential, and non-agricultural land transfers, including transfers from state/communal to private ownership;</p>	<p>Government documents & regulations; Survey and land governance monitoring; Land use compliance reports.</p>	<p>Inter-ministerial land governance steering group (MoJ, MoAPF, MoRD) established.</p> <p>Government proceeds with National Spatial Data Infrastructure (NDSI) establishment implemented as planned.</p> <p>All state land is duly registered by 2022. Models for registry of buildings, irrigation assets etc. has been developed and scaled up.</p>

		3.1.4. Status of the access to the Registry by banks.		<p>Ministry of Regional Development (MoRD) maintains & provides access to central database for land-based revenue available.</p> <p>The Ukrainian Central Bank continues to regulate banking sector in an effective and transparent manner.</p>
<p>Output 3.2</p>	<p>The institutional framework to manage land rights, plan land use and use land-based revenue for public goods that improve rural areas' attractiveness and enhance smallholder competitiveness is well defined and its implementation launched.</p>	<p>3.2.1. Distribution of functions between institutions in the land sector.</p> <p>3.2.2. Definition of land service delivery (land survey, valuation, registration, legal services) models and standards, role of private sector and decrease [%] of cost of land services;</p> <p>3.2.3. Status of regulations defining roles of villages, rayons, ATCs, and oblast governments in planning and land management;</p> <p>3.2.4. Number of masterplans elaborated using a participatory methodology and submitted for approval, incl. the recourse to different tools to manage land in their jurisdiction; enhancing of local land revenue;</p> <p>3.2.5. Status of land dispute monitoring system and alternative dispute resolution mechanisms aimed at the protection of land owners and land rights.</p>	<p>Government documents and regulations, public and local plans; Associations' statutes and annual reports; Data on land revenue including records & analysis of state land auctions; Results from legal aid customer satisfaction survey, court records.</p>	<p>Implicit or explicit subsidies to public service providers are eliminated, creating a level playing field;</p> <p>Legal status of OTGs and local government actors is defined;</p> <p>Legal basis for e-auctions & land price registration created;</p> <p>Online link between registry and courts as well as legal aid user survey are continued.</p>