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Annex II

to the Commission Implementing Decision amending Commission Implementing Decision C(2022) 1783 final as regards increasing the Union assistance to Ukraine for 2022

‘ANNEX III

THIS ACTION IS FUNDED BY THE EUROPEAN UNION

Action Document for ‘Reducing vulnerabilities and enhancing food security through support to conflict affected populations and agricultural production in Ukraine’

ANNUAL MEASURE

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plan in the sense of Article 23(3) of the NDICI Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

1. Title CRIS/OPSYS Basic Act	Reducing vulnerabilities and enhancing food security through support to conflict affected populations and agricultural production in Ukraine Annual measure in favour of Ukraine for 2022 OPSYS business reference: NDICI-GEO-NEAR/2022/ACT 61256 ABAC Commitment level 1 number : JAD.1023301 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
2. Team Europe Initiative	No
3. Zone benefiting from the action	The Action shall be carried out at the following location: The whole territory of Ukraine
4. Programming document	Multiannual Indicative Programme (MIP) 2021-2027 for Ukraine ¹
5. Link with relevant MIP(s) objectives/expected results	Priority area 5: Support a resilient and inclusive society, including through response to conflict
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	510 Budget Support; 720 Emergency Response;

¹ C(2021) 9351 final of 13.12.2021

7. Sustainable Development Goals (SDGs)	Main SDGs: - SDG 1 End poverty in all its forms everywhere Other significant SDGs: - SDG 2 Zero hunger - SDG 3 Good health and well-being - SDG 5 Achieve gender equality and empower all women and girls - SDG 6 Clean water and sanitation - SDG 9 Industry, Innovation and Infrastructure - SDG 10 Reduced inequalities - SDG 16 Peace, justice and strong institutions			
8 a) DAC code(s)	51010 General Budget support 72050 Relief coordination and support services			
8 b) Main Delivery Channel	12000 – Recipient government			
9. Targets	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development ² <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	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 checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

² For the Neighbourhood, activities related to education shall be marked as part of the “Social Inclusion and Human Development” target, in line with the NDICI-GE programming guidelines.

	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"/>
11. Internal markers	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Tags:			
	digital connectivity	<input type="checkbox"/>	<input type="checkbox"/>	
	digital governance	<input type="checkbox"/>	<input type="checkbox"/>	
	digital entrepreneurship	<input type="checkbox"/>	<input type="checkbox"/>	
	digital skills/literacy	<input type="checkbox"/>	<input type="checkbox"/>	
	digital services	<input type="checkbox"/>	<input type="checkbox"/>	
<u>Connectivity</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Tags:				
digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
health	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
education and research	<input type="checkbox"/>	<input type="checkbox"/>		
Migration	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

BUDGET INFORMATION

12. Amounts concerned	<p>Budget line(s) (article, item): 14.020111 – Eastern neighbourhood</p> <p>Total estimated cost: EUR 500 000 000</p> <p>Total amount of EU budget contribution EUR 500 000 000 of which EUR 500 000 000 for budget support and EUR 0 for complementary support.</p>
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MANAGEMENT AND IMPLEMENTATION

13. Implementation modalities (type of financing and management mode)	<p>Budget Support</p> <p>Direct management through:</p> <p>Budget Support: State and Resilience Building Contract</p>
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1.2. Summary of the Action

Since the start of Russia's war of aggression against Ukraine, the European Union has significantly stepped up its financial and humanitarian support to Ukraine; mobilising around EUR 4.6 billion for Ukraine's overall economic, social and financial resilience. This includes an emergency macro-financial assistance package of

EUR 1.2 billion and EUR 120 million budget support. On the 18th of May a new macro-financial assistance package of up to EUR 9 billion was announced.

It also include the assistance measures adopted by the Council under the European Peace Facility worth EUR 2 billion to purchase and deliver military equipment to the Ukrainian Armed Forces, and at least EUR 550 million from the EU budget (including the Emergency support programme of EUR 330 million) to deal with the immediate consequences of this tragic war, both in the country and for those fleeing the war.

The focus of this action is for Ukraine to mitigate the impact of Russia's war of aggression for the groups of people most affected by the war. This includes internally displaced people (IDPs), host communities in areas with no active ground hostilities which are being subjected to significant pressure and returnees. The war has also lead to a sudden and substantial disruption in agro-food production systems, in particular by cutting export routes due to the blocking of the Black and Azov Seas and putting the autumn cereal planting season at risk. In this challenging context, the action will assist the most vulnerable households and very small producers in rural areas through cash/food transfers but also provide working capital to more commercially oriented small-scale farmers and agro-enterprises to ensure the functioning of agro-food supply chains in the short- and medium-term.

The overall objective of the action is to mitigate the impact of Russia's war of aggression on Ukraine's population (by strengthening the means of the Government) (overall objective). It will do this by supporting the livelihoods' needs of conflict affected populations by strengthening the capacity of Ukraine's legitimate public institutions, including contributing to ensuring housing and continuity of education for IDPs and returnees, protecting cultural heritage and by contributing to Ukraine's food security and economic resilience by ensuring uninterrupted production of agricultural and food products and supporting the access of small farms to working capital (specific objectives).

The Action therefore directly contributes to SDG 1 on ending poverty in all its forms everywhere and SDG 2 - Zero hunger; SDG 3 - Good health and well-being; SDG 5 - Achieve gender equality and empower all women and girls; SDG 6 - Clean water and sanitation; SDG 9 - Industry, Innovation and Infrastructure; SDG 10 Reduced inequalities and not least SDG 16 - Peace, justice and strong institutions. The Action primarily contributes to priority 5 of the 2021-2027 Multiannual Indicative Programme relating to resilient, fair and inclusive societies.

The Action further supports the Economic Recovery Plan for Ukraine, the past ongoing and upcoming emergency Macro Financial Assistance (MFA), and budget support already delivered in March and April 2022.

2. RATIONALE

2.1. Context

On 24 February 2022, Russia renewed its unjustified, unprovoked and brutal aggression against Ukraine with direct military attacks on a large number of civilian and military targets and an incursion of Russian military on Ukrainian territory. The attacks have resulted in significant loss of life, unprecedented displacement of the population, both internally and towards neighbouring countries, and devastating destruction of infrastructure. The security situation and the overall operational environment has deteriorated rapidly. According to the Office of the United Nations High Commissioner for Human Rights (OHCHR), as of 7 June 2022, the number of civilian casualties stands at 9444, including 4266 killed and 5178 injured. The actual number of civilian casualties across Ukraine is likely considerably higher, as the receipt of information from some locations where intense hostilities have been going on, has been delayed and many reports are still pending corroboration. At least 15.7 million people are considered in immediate need of emergency assistance and protection.

According to latest estimates, over 6 million people have left Ukraine and about 8 million moved within the country, most of them women and children. They leave behind shattered landscapes: as of 18 May 2022, 1,748 education facilities, 206 medical institutions, 729 civil infrastructure facilities, including nearly 320 electricity, water and gas supply facilities and 115 cultural buildings were damaged or destroyed. The total amount of direct documented civilian infrastructure damages is estimated at USD 105.5 billion³, while the overall economic losses from the war range from \$564 billion to \$600 billion since the war started⁴. According to the State Emergency Services of Ukraine (SESU), over 300,000 km² of the territory of Ukraine requires demining and cleaning from remnants of fighting, including unexploded ordnance.

The current situation jeopardises the safety of all Ukrainians, with specific impacts on key population groups affected by the conflict including, internally displaced peoples, host communities and returnees.

Since 2014, Ukraine has made major reform progress, including with unprecedented EU support in the framework of the EU-Ukraine Association Agreement, including in the areas of agriculture, health and social policies and in the management of conflict affected communities in the East and South of the country.

The utmost priority for Ukraine is securing the livelihoods and basic needs of the population, in particular the most vulnerable that include IDPs, returnees, host communities and the conflict-affected population and to stabilise the social situation in the country. Particular concerns are the availability of housing and food security for the population. Beyond these immediate needs, Ukraine's reform progress and overall social cohesion should be ensured and safeguarded with the aim to create the ground for a reconstruction of the country in view of its aspirations for European integration.

EU support

The EU has provided significant financial assistance to Ukraine, which over the years from 2014 to 2021 amounted to EUR 1.7 billion in grants under the European Neighbourhood Instrument, EUR 5.6 billion under five macro-financial assistance programmes in the form of loans, EUR 194 million in humanitarian aid and EUR 355 million from foreign policy instruments. The EU provides its support to Ukraine for policy development and comprehensive reforms, with strong involvement from Member States in a Team Europe approach. Among the flagship programmes are those on decentralisation, public administration reform and anti-corruption.

Since Russia's war of aggression started, the EU has stepped up its support, mobilising around EUR 4.6 billion for Ukraine's overall economic, social and financial resilience in the form of macro-financial assistance, budget support, emergency assistance, crisis response and humanitarian aid. Military assistance measures under the European Peace Facility, amounting to EUR 2 billion, have also been provided to Ukraine.

Before and during the war, the EU has worked closely with European financial institutions to support Ukraine. Since 2014, the European Investment Bank and the European Bank for Reconstruction and Development have mobilised over EUR 10 billion in loans to Ukraine. In recent weeks, the European Investment Bank has disbursed EUR 668 million to the Ukrainian budget. The EU is also working in close cooperation with the World Bank and the International Monetary Fund, which have been key partners in the Ukrainian efforts since 2014.

The present action will be implemented in close coordination, synergy and in complementarity with other EU funding instruments, in particular relating to humanitarian aid and civil protection.

The present action will be implemented in close coordination and synergy with ongoing and future bilateral and regional assistance programmes for Ukraine, in particular the emergency support programme which will contribute to securing the access of the Ukrainian population to basic goods and services during the Russian invasion, ensure urgent rehabilitation/repair of critical infrastructure, and strengthening the country's

³ <https://www.statista.com/statistics/1303344/ukraine-infrastructure-war-damage/>

⁴ <https://kse.ua/about-the-school/news/direct-damage-caused-to-ukraine-s-infrastructure-during-the-war-has-reached-almost-92-billion/>

resilience against hybrid threats. Synergies exist between both actions, which prioritise the support to IDP's, returnees and host communities, notably aiming at securing longer term housing and access to basic services for IDPs, including social service delivery, community security, protection and IDP integration at amalgamated territorial communities and municipalities levels.

Moreover, the action is linked to ongoing EU-funded projects for a total of about EUR 140 million that were repurposed to respond to immediate needs arising as a consequence of the war.

The Association Agreement including a Deep and Comprehensive Free Trade Area signed in 2014 by the EU, its Member States and Ukraine and fully in force since September 2017 continues to guide the relationship between the EU and Ukraine. In December 2021, the European Commission adopted a multiannual indicative programme (MIP) for Ukraine for the period 2021-2027⁵ under the Neighbourhood, Development and International Cooperation Instrument – Global Europe. Together with the five policy objectives of the March 2020 Joint Communication “Eastern Partnership policy beyond 2020: Reinforcing Resilience – an Eastern Partnership that delivers for all”⁶, it frames financial assistance under the current Multiannual Financial Framework for the programming period 2021-2027. These priorities are reflected in the Joint Staff Working Document (JSWD) setting out the post-2020 Eastern Partnership agenda⁷, published on 2 July 2021, including its Economic Investment Plan and the five flagship initiatives to support socio-economic recovery and strengthen the country's resilience. On 28 February 2022 Ukraine submitted an application for membership in the European Union, an *avis* was adopted by the Commission on 17 June and on 23 June the European Council granted European perspective and candidate status.

2.2. Problem Analysis

Russia's war of aggression has had a devastating impact on **Ukraine's economy and people's livelihoods**. It is estimated that up to 90 per cent of the population of Ukraine could be facing poverty and vulnerability to poverty by the end of 2022, and 30 per cent of the people are likely to require life-saving assistance. The World Bank forecasts that Ukraine's economy is expected to shrink by 45.1 per cent in 2022. The exact magnitude of the contraction will depend on the duration and intensity of the war, and the levels of destruction of productive capacity, damage to arable lands, and labour supply. The UN also suggests that development setbacks for Ukraine will be significant, including increased inequalities and poverty rates; the country's economy, its social fabric, and the environment will suffer. Eighteen years of socio-economic achievements in Ukraine are at risk. To mitigate such dramatic development setbacks, support on all front to the conflict affected populations is vital.

One specific problem faced by conflict affected population groups is the **lack of housing** in their place of origin as well as in host communities. The latest report⁸ by the International Organisation for Migration (IOM) indicates that among all respondents, 9% indicated that their home (primary residence before war) was damaged by the war. Among returnees this figure reaches 14% while among IDPs this figure rises to 27%. 15% of IDPs (against 19% mid-March) declare experiencing problems of accommodation in their current destination. Temporary housing conditions are frequently inadequate, while the private rental market is saturated, in particular in major population centres in the West of the country, often raising problems of affordability.

Multi-purpose cash/food assistance remains an important means to swiftly reach the most vulnerable people in various parts of the country and secure their basic and food needs. It is the preferred assistance modality in the majority of IDP-hosting settlements and according to recent UNCHR reports, food is the most commonly reported envisaged usage of financial support (76 per cent of IDPs, 66 per cent of non-IDPs). In-kind food

⁵ Commission Implementing Decision C(2021)9351 of 13.12.2021

⁶ [JOIN\(2020\) 7 final](#)

⁷ SWD(2021) 186 final

⁸ <https://displacement.iom.int/reports/ukraine-internal-displacement-report-general-population-survey-round-4-29-april-3-may-2022>

assistance is preferred in IDP-hosting settlements located closer to areas affected by hostilities due to the severe disruption of food supply chains. Proper coordination between international partners and governmental authorities engaged in cash/food assistance is needed to avoid duplication of payments to beneficiaries.

Russia's war of aggression has severely disrupted **agricultural production and food processing** in both deliberate and systematic Russian attacks on the agricultural infrastructure and as a consequence of overall warfare. This poses a direct risk for **food security** and disproportionately impacts small farmers. Ukraine is a large agricultural economy with 42.8 million ha of agricultural land and an average contribution of 10.1% to the GDP in past years. 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) and 40,000 registered legal entities. On the other side, it is estimated that between 1 and 1.5 million small or family farms⁹ operate in the country with their economic and social development severely constrained notably by low investment capacities due to limited access to finance. Market oriented small-scale farmers have been severely impacted by the disorganisation of the supply chains since Russia's military aggression, further exacerbating problems they faced before the war, in particular the limited access to market (especially for export purposes), credit, insurance scheme, the absence of guarantee on this year's harvest, or their inability to use their land as collateral. As a result, some of them may not be able to grow any crop in 2022. Investing in agricultural production and critical upstream functions will help to meet the food requirements of local and displaced populations and address food insecurity in the country in the immediate and short term, and will be critical to **averting a global food security crisis**.

The ability of local authorities to sustain a minimum level of **service delivery** has been severely hampered in war-affected areas, as employees have been displaced or can no longer access their workplaces. At the same time, displacement has placed an additional burden on local service providers in host and transit communities, including administrative services, healthcare, mental health and social services, and those concerned with ensuring access to justice. According to the OCHA/REACH Rapid Needs Assessment (RNA) IDPs face difficulties accessing information about the availability of assistance, housing, legal aid, information about evacuation and transportation, information on the registration process, and employment opportunities. As a result, over 2.7 million people have already returned to their places of residence, most of them in northern Ukraine – a further 15 % of IDPs are considering returning home in the nearest time.

The RNA indicates that 46% of the war-affected settlements reported the disruption of **healthcare services** as one of their main concerns. The risk of disease outbreaks has also increased due to limited access to water and sanitary facilities, crowded conditions in collective centres, and low immunisation rates. Those directly war-affected, survivors of war crimes, including sexual and gender-based violence (SGBV), and women providing care for children, the elderly, and sick, are at increased risk of mental disorders and psychological distress. In addition, the impact of the war on **provision of social services** is acute. In the directly war-affected areas of the country, the Government reports little visibility regarding damage and destruction of infrastructure and it is not clear what services are available, where and for whom. With the inaccessibility of social and health services, schools and kindergartens, women's share of care – for children, the elderly, relatives with disabilities, sick, or injured family members – has sharply risen, often combined with the necessity to earn their own income.

2.3. Lessons Learned

A general evaluation of Budget Support in Ukraine from 2006-2013 was carried out in 2014. It concluded that budget support can be an effective instrument for Ukraine. However, the evaluation also concluded that the EU should make the necessary organisational arrangements to maintain a periodic and systematic high level

⁹ These farms use / lease less than 500 ha. It is also estimated that there are totally 4 million households active in agriculture, including mostly for self-subsistence.

dialogue on aggregate budget, fiscal and Public Finance Management (PFM) issues, and ultimately the implementation of the budget support instrument in Ukraine as a whole. This has been done and regular dialogues on macro-economic issues and PFM issues are undertaken twice a year. There is also an ongoing policy dialogue on Public Administration Reform the policy area for the current budget support in Ukraine. Budget Support has been instrumental in pushing for the approval of the new PFM strategy 2021-2025 and is as such recognised broadly as a valuable contribution to Ukraine by a broad spectra of Ukrainian stakeholders. The evaluation recommended a strengthening of the Ministry of Finance as the effective central fiscal authority, and there continues to be a need to build the Ministry's capacity as the primary fiscal authority in Ukraine. The Ministry of Finance is being supported through the EU4PFM programme. Finally, it was recommended that further transparency on fiscal information be ensured. Ukraine has since 2014 seen gradual improvements in transparency of the budget, and are continuing these efforts with a target to further improve its score in the open budget index before 2025. The ongoing Russia's war of aggression has naturally limited the amount of information being made public on the budget, but all non-confidential spending is being published on a government managed website accessible to all. Continued policy dialogue on the fundamental eligibility criteria for budget support will be continued both at high political and technical level during the implementation period of the current state building and resilience budget support programme.

2.4. Additional Areas of Assessment

2.4.1. Public Policy

Ukraine has reacted swiftly to Russia's war of aggression and its administration has shown an impressive resilience, remaining largely operational despite the major onslaught and the considerable drain on resources. Against all odds and faced with multiple challenges, the Government has taken quick and resolute action to alleviate the effects of the war on the general population. Nevertheless the extreme stress on the system means that there are considerable gaps to further stabilise the situation and address urgent needs of the population, in particular the most vulnerable.

Past reforms, in particular in the field of decentralisation, digitalisation and public administration among others, have proven crucial in reacting to Russia's aggression as has the overall strengthening of the crisis preparedness and management framework that has been defined in the 'Concept of a National Resilience System'.¹⁰ The Concept effectively overhauls Ukraine's civilian crisis preparedness and response capabilities at state, regional and local levels, focusing among others on the capability of the unified state **civil protection** system to operate in conditions of threat or occurrence of emergency situations and the ability to respond effectively to uncontrolled **mass movements of people**, currently very relevant due to the large number of displaced persons.

A non-public implementation was finalised by the Cabinet of Ministers of Ukraine under the leadership of the Vice-Prime Minister for European and Euro-Atlantic Integration and work is also ongoing to establish the coordination commission for the national resilience system. The Ukrainian Governmental Office for European and Euro-Atlantic Integration has been effectively coordinating the process in cooperation with the National Security and Defence Council, while the NATO Resilience Advisory Support Team remains associated to the process and provides guidance and input in the drafting process.

A host of sectoral strategies, normative acts and policies to react to Russia's war of aggression and mitigate its effect on the civilian population have started to be developed. For the purposes of this State and Resilience Building Contract, these can be grouped into three main categories: (1) protection of livelihoods of the displaced and conflict-affected population (2) provision of housing (3) strengthening food security and the agricultural sector.

Main Actors

¹⁰ Presidential Decree No. 479/2021 On the decision of the National Security and Defence Council of Ukraine of August 20, 2021 "On the introduction of a national system of resilience" - <https://www.rnbo.gov.ua/ua/Ukazy/5017.html>

A dedicated Ministry [for the Reintegration of Temporary Occupied Territories] was created to strengthen coordination of humanitarian, social and other policies targeted at people most affected by Russia's war of aggression. While territorially focused only on the three regions adjacent to the contact line / administrative boundary line, the Ministry has the overall responsibility for the management of internally displaced persons and conflict-affected populations on both sides of the contact line and plays an increasing role also beyond its initial geographical scope.

The Ministry of Communities has taken a leading role in the provision of IDP housing and coordinates its work with municipalities on the ground, while the Ministry of Social Policy handles social payments and cash transfers to the most vulnerable. The Ministry of Economy is in charge of coordinating food transfers to population groups directly affected by the armed conflict in besieged cities or hotspots in about 9 Oblasts. These operations are locally coordinated and implemented by Civil-Military Oblast administration.

The Ministry of Agrarian Policy and Food (MAPF) and the State Service on Food Safety and Consumer Protection (SSUFSCP) are both in charge of monitoring the food security situation across the country, secure stocks of food agricultural products and support the primary agricultural production.

At **local level**, civil and social protection departments of municipalities and hromadas¹¹ bear the largest burden in tackling the situation on the ground, often depending on local initiative and resources, efforts are not always well-coordinated regionally and with the central Government.

Support to Displaced and Conflict-Affected Population

Two sets of programmes were adopted by the Government of Ukraine in March-April 2022 to specifically address the basic livelihoods of the Ukrainian conflict affected population.

State support to IDPs through cash transfer

On 20 March 2022, the Government of Ukraine adopted CMU Resolution No. 332 "On Some issues on state support for living of internally displaced persons" to regulate the provision of financial assistance to IDPs through a budget programme entitled "Provision of monthly addressed support for internally displaced persons to cover living costs, including utility payments". The programme amounts to UAH 10 billion (i.e. an equivalent of about EUR 320.5 million) and is managed by the Ministry of Social Policy.

During martial law period, every Ukrainian citizen who had to leave his/her home and usual living place due to active fighting is eligible for a monthly payment of UAH 2,000 (EUR 63). Parents can receive up to UAH 3,000 (EUR 95) for each child that was moved away from war zones, while people with disabilities are also entitled to receive UAH 3,000 (EUR 95). In April 2022, the Ministry of Social Policy had provisioned a total of UAH 4.1 billion (i.e. an equivalent of about EUR 131.4 million) to finance the programme. Individual financial entitlements will be transferred to IDPs' bank accounts, which references were indicated in the application forms.

On 16 April 2022, the government of Ukraine adopted another CMU Resolution No. 457 "On support of some categories of population that suffered from the war aggression of the Russian federation against Ukraine". This Resolution updated the conditions under which state financial support is provided to IDPs. The Resolution came into force on 19 April 2022 and envisages that cash transfers are to be made to all registered IDPs for the period March-April 2022, even those who did not flee from areas hit by ground hostilities. From May 2022 onwards, state support will only be paid to IDPs, who moved from communities located in active war zones, besieged areas or areas that are currently under temporary occupation by RUAF. These measures would also apply to conflict affected people whose houses were destroyed or are no more suitable for living due to heavy damages.

¹¹ Basic unit of administrative division in Ukraine, similar to a municipality.

State support to IDP host communities through cash transfer.

In order to stimulate hosting of IDPs by non-displaced population, the government of Ukraine adopted on 19 March 2022 the CMU Resolution No. 333 “On approving compensation mechanism for temporary hosting of IDPs moved during martial law period and who do not receive monthly assistance to cover living costs, including utility payments”. This assistance is meant at households that host IDPs who moved from one of the following regions after 24 February 2022: Kyiv city and Kyiv Oblast, Volyn, Donetsk, Zhytomyr, Zaporizhzhia, Luhansk, Mykolaiv, Odesa, Sumy, Kharkiv, Kherson and Chernihiv Oblasts, as well as Crimea and Sevastopol.

The Resolution sets a compensation rate for hosting households equal to UAH 14.77 (i.e. about EUR 0.47) per day and per hosted person. To avoid duplication of assistance, hosted IDPs cannot be eligible for the targeted financial assistance envisaged under CMU Resolution No. 332 “On Some issues on state support for living of internally displaced persons”. Resolution No. 333 was amended by CMU Resolution No. 490 of 29 April 2022 “On approving compensation mechanism for temporary hosting of IDPs moved during martial law period”. It continues to envisage compensation payment for temporary hosting of IDPs, but widens the list of eligible people and households, introduces special compensation mechanisms for hosting 4 or more IDPs, large families, single mothers, IDPs with disabilities or over 60 years old, family members of perished defenders of Ukraine and other vulnerable groups of population.

The government of Ukraine allocated funding to cover approximately one month hosting of 500,000 IDPs (i.e. approximately EUR 7.1 million). In April 2022, 241,000 IDPs signed up for the compensation programme. It is however anticipated that, in view of the intensification of the conflict, the needs may rise up in the coming 2 to 3 months to 2 million hosted eligible IDPs. The government envisages capacity building/advisory assistance to local authorities in order to increase awareness about the programme amongst IDP and host communities.

Provision of Housing

In order to address the high demand for IDP housing, the Ukrainian Government is preparing a dedicated **concept, covering three main segments: short-term (or transitional), mid-term and long-term accommodation**. Short-term accommodation is targeted at people in transition and is offered mainly in updated public buildings such as schools and kindergartens, whereas mid-term accommodation foresees, on the one hand, providing IDPs with accommodation in modular housing. Long-term accommodation implies the purchase by the state of living units in newly constructed or soon to be commissioned apartment buildings (pre-fabricated houses). These will be social housing, which will not be the property of IDPs. Land plots for construction should be selected by municipalities, while the Ministry of Communities has set requirements for the selection of land plots, to avoid ghettoization and ensure access to social infrastructure (schools, kindergartens) and healthcare facilities; and appropriate connections to utilities as well as access to employment opportunities.

In addition, the Government has set up a central programme of support of restoration of liberated municipalities in five liberated oblasts: Kyivska, Chernihivska, Zhitomirska, Sumska and some liberated rayons of Kharkivska oblast. The budget is UAH 1 billion. The objective is to prepare the cities for ‘normal’ life: demine, make quick repairs of housing that will allow people to return to the liberated cities. Quick reconstruction of emergency infrastructure is also included in the programme. The programme is being implemented with the Oblast State Administrations.

The recently created **National Recovery Council** under the President of Ukraine has established a specific working group on housing policy composed of representatives of the Ministry of Territories and Communities

Development, real estate developers and CSOs. The sub-group is preparing a strategic document on housing policy, which will include major legislative initiatives and programmes already adopted or to be adopted to address the needs of housing (mainly construction of new buildings in the residential sector).

Strengthening Food Security and the Agricultural Sector

The Ukrainian Government has enacted plans to both boost food security by distributing food to the most vulnerable and by seeking to support agricultural production, with a specific emphasis on small and medium farmers.

Food security

A wide-ranging action plan to **ensure food security of Ukraine under martial law** is regulated by CMU Resolution No. 327-r of 29 April 2022. This plan compiles a set of measures to be implemented by different public institutions (amongst which the Ministry of Agrarian Policy and Food, the Ministry of Economy, the State Statistics Committee and respective Regional Military Administrations) to: (i) continuously monitor the food security situation across the country and alert of any gap; (ii) secure an uninterrupted production of agricultural and food products; (iii) establish and manage an extensive network of raw materials and food resources reserves in strategic retail warehouses; and (iv) meet urgent needs of the state to provide food products to the population of territorial communities in the regions where active hostilities continue.

On 20 March 2022, the Government of Ukraine adopted the CMU Resolution No. 328 “On Some issues of **providing the population with food products** of long-term storage and sanitary and hygienic goods under martial law”. The resolution envisages the distribution of kits made of foodstuff and hygiene items to vulnerable population in communities directly affected by hostilities (9 oblasts, i.e. Donetsk, Luhansk, and Kharkiv in the east, Mykolaiv, Kherson and Zaporizhzhia in the south, Kyiv and the city of Kyiv, Sumy and Chernihiv in the north). The Programme is monitored by the Ministry of Economy and is aimed at a maximum of 10 million people, while there are already 7.3 million people eligible according to most recent survey of regional military administrations. Kits are distributed monthly and contain 9 types of goods for a total weight of 25 kg per person. Funding is provided through the Reserve Fund of the State Budget, in accordance with the CMU Resolutions No.193 of 3 March 2022 “On the allocation of funds from the Reserve Fund of the State Budget” and No. 185 of 2 March 2022 “On Some issues of public procurement of goods, works and services to meet the urgent needs of the state in martial law”. The total financial monthly requirement amounts to UAH 4.8 billion (i.e. an equivalent to EUR 153.8 million).

Support to farmers

a. State Agrarian Register and state support to small farms

In 2020, Ukraine established a State Agrarian Register (SAR) on the basis of Law No. 985-IX of 5 November 2020 “On amendments to certain laws of Ukraine concerning the functioning of the state agrarian register and improvement of state support for agricultural producers”. The procedure for maintaining and administering SAR, as well as the list of information entered in the SAR, were approved by the Cabinet of Ministers Resolution No. 573 of 2 June 2021 “On the functioning of the state agrarian register”. The SAR is a State-funded automated information system for collecting, recording, accumulating, processing and providing information about agricultural producers and the agricultural activities they carry out. Data are entered on a voluntarily basis by the agricultural producers or by the responsible central executive authority.

The Government of Ukraine envisages using SAR and its direct payment module to transfer state financial support to agricultural producers. The Law No. 1877-IV of 24 June 2004 “On State Support of Agriculture in Ukraine” regulates the state support policy of the production of agricultural products and the development of agricultural markets, and ensure the population’s food security. The law provides for many areas of support

including easing credit, but also state support for livestock goods' producers, producers of fruits, berries, grapes, hops and aquaculture, as well as financial support for farmers and family farms. The Law "On the State Budget of Ukraine for 2021" provided for a provision of UAH 4.67 billion to support agricultural producers in 2021. In 2022, due to the invasion of Ukraine by Russian armed forces, the Law "On the State Budget of Ukraine" does not entail any provision for state support to agricultural producers.

b. production support grants to small farmers

The government has been considering several options to support agriculture production, including through existing interest rate subsidy schemes. However, in the absence of any state support for 2022, the Ministry of Agrarian Policy and Food requested financial assistance from the EU and other international partners through letters sent in March and June 2022. In addition to in-kind support the Ministry requests direct financial assistance to small scale farmers.

Such support could be delivered through exceptional production support grants (PSG) that allow to rapidly respond to disruptions in agricultural production caused by the war through the provision of cash-based support to commercially oriented small-scale farming and small-scale animal husbandry. This helps addressing unmet working capital needs; securing critical inputs for and ensure continuity in production; and maintaining sustainable and viable farms. The exceptional nature of this support requires tailor-made solutions, based on good international practice. With a contribution of EUR 50 million and a rate of EUR 100/ha and EUR 170/cow, an average of around 10,000 small farms could be supported. Targeted beneficiaries will necessarily be farmers registered in the SAR (both family farms registered in the business registry and those not registered in the business registry), operating less than 120 eligible hectares¹² of land for agricultural purposes and / or possibly livestock producers owning or managing up to 100 cattle. Control and verification will have to be mostly based on ex-ante checks of existing documents that prove land ownership / use right and livestock possession, as well as data recorded for in the different registers related to the SAR. Control will be risk-based and strict penalties will apply if irregularities are identified.

In conclusion, the response of the Ukrainian Government through various sectoral strategies and action plans as well as normative acts passed in the framework of large reform efforts in the past years constitute a sufficiently relevant and credible basis for budget support contract objectives to be achieved and therefore the policy can be supported by the Commission with the proposed budget support contract.

2.4.2 Macroeconomic Policy

Following a milder than expected COVID-19 induced recession of 4% in 2020, the overall annual growth of 3.4% in 2021 kept the economy below its pre-pandemic size. Gross fixed capital formation declined to 12.4% of GDP, which is less than half the investment effort in peer economies.

After an initial deterioration during the recession, unemployment started to decrease in 2021. The return to economic growth brought about a reduction of the unemployment rate from 10.5% in Q1 2021 to 9.7% in Q3. The annual growth of real wages accelerated in the first half of the year before slowing down (from 16.5% in Q2 to 7.9% in Q4) under the combined effect of high inflation and low investment. The future level and dynamics of wages will be determined by the net effect of the war-driven capital destruction and the persistence of the exodus-driven labour scarcity. The longer-term impact of the war on the labour market will depend on the success of the refugees' integration abroad and on their willingness to return to their home country after the conflict. The extent of the capital destruction and future prospects, which will drive labour productivity, domestic labour supply, and hence wages, will play a key role.

In an attempt to conserve the stock of foreign reserves for the war effort, the National Bank of Ukraine (NBU) declared the hryvnia unconvertible on 24 February and suspended the inflation-targeting framework for the

¹² Eligible hectare means any agricultural area of the holding that is used for agricultural activity regardless owning or renting.

duration of the conflict. The NBU prohibited private transactions in foreign exchange (forex), suspended its sales of forex, and fixed its forex purchase rate at the last pre-invasion exchange rate of hryvnia 29.15 for one USD with a view to reducing the uncertainty around the foreign exchange rate. To ease the hindrance on imports, some restrictions on the use of forex bank accounts were lifted in early March. In the new war context, two factors drive monetary policy, namely the unlimited liquidity provision to banks, aimed at continuing to preserve financial sector stability, and the standing promise to acquire war government bonds in case of insufficient private interest. The NBU announced its intention to keep its main refinancing rate at 10% until the end of the war.

Yearly consumer and producer prices inflation reached 10% and 69% respectively in December 2021. Inflation is expected to deviate further from its pre-war target of 4% to 6%, amidst a heightened risk of hyperinflation if international financial assistance fails to meet the acute financing needs.

Having lost access to international capital markets, Ukraine has to rely on official foreign support and monetary financing. The government Eurobond yields reached prohibitive levels already in mid-January. In the first two months of 2022, the issuance of new bonds in the domestic market barely reached a roll-over rate of 23% in hryvnia and 4% in foreign currency. In the current situation of martial law, the government plans to issue war bonds for the equivalent of USD 13.7 billion in 2022, with maturities between 1 and 15 years, with a targeted yield of 11%. The treasury issued bonds for USD 1.7 billion in March, compared to scheduled redemptions of USD 0.7 billion, implying a net issuance of USD 1 billion. Domestic banks, acting as primary dealers, bought about USD 1.0 billion of the war bonds. The NBU acquired the remaining USD 0.7 billion.

Russia's war of aggression against Ukraine set an end to previous consolidation gains on the fiscal front, which were already compromised by the response to the COVID-19 crisis. The 2021 public deficit stood at 3.4% of GDP, which is 1.7 percentage points better than initially planned. Public revenues and expenditure increased by 20.7% and 15.6% respectively in 2021. The consolidated public debt decreased to 55% of GDP from 61% in 2020 (reflecting the 30% growth in the nominal GDP). These debt dynamics are set to reverse in the context of the war. The significant military, humanitarian and other expenses put additional pressure on government expenditure, while tax collection is about to contract significantly (reportedly by one third in March). In addition to the expected increase in the overall public deficit, efforts to streamline expenditure will result in a different composition of spending, with further expected reduction in capital expenditure (investment), whilst the government focuses on essential current expenditure. It continues to service its foreign debt obligations, e.g. paying a EUR 300 million coupon on its Eurobonds in early March. The monthly funding gap for the second quarter of 2022 is estimated at around USD 5 billion.

After a surplus of USD 5.3 billion in 2020, the current account registered a deficit of USD 2.6 billion, or 1.3% of GDP, in 2021. Future developments are extremely uncertain. Exports are set to suffer from activity interruptions, legislative bans and transport and supply chain difficulties. Population outflows and purchasing power erosion might compress imports. As regards remittances, the dramatic changes in population make them unpredictable, although a certain increase cannot be excluded. The stock of foreign direct investment recovered notably in 2021, with reinvested earnings being the primary driver. New incoming FDI reached USD 2.6 billion, complemented by reinvested earnings of USD 4.2 billion. Portfolio investments by foreigners also contributed towards a net capital inflow of USD 1.0 billion, which is matched by an increase in corporate indebtedness. Other investments, mostly driven by the hoarding of foreign cash and by trade credits abroad, contributed to a net capital outflow by USD 6.0 billion.

The overall balance of payments implied an increase in the official international reserves by USD 2.5 billion in 2021 (after a rise by USD 3.0 billion in 2020). The annual change in the stock of reserves is attributable primarily to the extraordinary allocation of additional Special Drawing Rights (SDRs) by the International Monetary Fund (IMF) for USD 2.73 billion in August 2021. In the first two months of 2022, the official international reserves declined by more than USD 3 billion, which was later compensated for in March thanks to the disbursement of official foreign support. To ensure continuity of the state's activities, including in the face of much pressing humanitarian and defence needs and given suppressed public revenue collection, the International Financial Institutions estimate Ukraine's monthly funding gap at around USD 5 billion between April and June.

Future challenges relate to the immediate impact of the war, kick-starting a recovery and the more fundamental post-war reconstruction needed of the country. Inflation is expected to become a significant challenge, due to (so far limited) direct monetary financing of wartime public spending, soaring energy and food-price inflation, hindrances on foreign trade and capital movement, and worsened scarcity of resources. It could reach several multiples of the Central Bank's pre-war medium-term target level of 5%, which was missed already prior to the war. In addition to the severe human suffering caused by the Russian invasion, the war will inevitably also leave deep economic scars. Estimates of the final permanent loss of productive capacity (capital and infrastructure) and durable goods (housing) depend on the duration and extent of the conflict and range already in the hundreds of billions of US dollars. The many difficulties with carrying out economic transactions in the context of martial law, including numerous export bans and price controls, will amplify the short-term impact on economic activity, with GDP set to decline steeply (available forecasts ranging between 25% and 50%, crucially depending on the underlying assumption of the length and possible (de)escalation of the war).

In conclusion, and taking into account the strong commitment of the international community, the authorities are pursuing a stability-oriented macroeconomic policy and the eligibility criterion is considered to be met over the longer term.

2.4.3 Public Financial Management

Following the 2019 Public Expenditure and Financial Accountability (PEFA) report, the government launched the preparation of the new PFM strategy and action plan 2021-2025. Following an extended approval process, the new PFM strategy was adopted in December 2021.

The 2019 PEFA summarized the positive PFM reform developments. Specifically, the Government of Ukraine has made progress in: (i) implementing medium-term budget planning; (ii) integration of International Public Sector Accounting Standards (IPSAS) into Ukraine's statutory framework and the adoption of the 2025 public sector accounting (PSA) Strategy; (iii) improving macroeconomic and budget forecasting tools; (iv) increasing transparency in public financial management through the introduction of an open budget portal; (v) fiscal risk management, and (vi) gradually introducing a gender-oriented approach to budgeting.

Although a general progress is recorded, three sensitive areas received a score "D" in the 2019 PEFA assessment: Fiscal strategy, legislative scrutiny of the budget, and Payroll control. The indicators related to the Fiscal strategy and medium term perspective in expenditure budgeting scored respectively "D" and "C", reflecting a shortcoming in the policy-based fiscal strategy and budgeting.

The share of tax revenue to GDP is around 35% (IMF Country Report), which is very close to the average of 33.8% in 2019 in OECD countries. Over last years, tax burden on the economy was reduced, with a shift also from labour to indirect taxation. The pandemic has postponed the agenda for a comprehensive tax policy reform including broadening the tax base, further tightening exemptions, reducing scope for abuse of preferential regimes. Despite COVID-19, a satisfactory revenue mobilisation performance was maintained, reforms of tax and customs administrations gained a new momentum with substantial EU support. Legislation regarding base erosion and profit shifting (BEPS) was adopted. Improvements in tax administration have been focusing on improving risk management including via e-audit, introducing electronic cabinet of tax payers and single tax account, upgrading the contact centre and implementing e-cash registers.

The State Tax Service in Customs area, the national pilot of NCTS was completed in March 2021 and is currently running at a national level. The country intends to join the Convention on Common Transit Procedure by end-2022. The Authorised Economic Operators (AEO) programme was launched. All those measures shall contribute to reduce opportunities for misuse and corruption which remains widespread, especially in customs.

The Bureau of Economic Security, a new agency to combat serious economic and financial crimes, was created, however challenges remain in ensuring that the body operates properly. Criminalisation of large scale smuggling is pending. Ukraine is not on the EU list of non-cooperative tax jurisdictions.

A gender oriented approach to the budget was first rolled out in 2017. More than 200 budget programmes at both state and local level have been analysed from a gender perspective since 2014. The 2021-2025 PFM strategy refers to strengthening of the practical application of a gender based approach in the budget process at national and local levels to ensure that the needs of vulnerable social groups, including women, are taken into account. Specifically the accountability of key spending units will be strengthened through increased transparency. A PEFA assessment of gender responsive public financial management was published in August 2021. The main findings are summarised below.

GENDER RESPONSIVENESS OF PFM TOOLS	A	B	C	D	NU
#1: GENDER IMPACT ANALYSIS OF BUDGET POLICY PROPOSALS				D	
#2: GENDER RESPONSIVE PUBLIC INVESTMENT MANAGEMENT				D	
#3: GENDER RESPONSIVE BUDGET CIRCULAR		B			
#4: GENDER RESPONSIVE BUDGET PROPOSAL DOCUMENTATION			C		
#5: SEX-DISAGGREGATED PERFORMANCE INFORMATION FOR SERVICE DELIVERY				D+	
#6. TRACKING BUDGET EXPENDITURE FOR GENDER EQUALITY			C		
#7. GENDER RESPONSIVE REPORTING				D	
#8: EVALUATION OF GENDER IMPACTS OF SERVICE DELIVERY				D	
#9: LEGISLATIVE SCRUTINY OF GENDER IMPACTS OF THE BUDGET				D	

The assessment concluded that the Ministry of Finance is the only body interested in implementing gender based budgeting in Ukraine, and while the Ministry is important, further political buy-in from other stakeholders is required. Currently key spending units are not required to use a gender approach to budgeting. Other challenges is the lack of sex-disaggregated data and gender statistics on performance indicators of budget programs. Budget scrutiny is generally considered to be weak, this is only enhanced in terms of looking at the budget from a gender perspective, where both the Parliament and the accounting chamber are missing the needed capacity and information to undertake this analysis. Finally, the possibility to review public investments in terms of gender impact has not yet been considered.

The New 2021-2025 PFM strategy is considered relevant as it addresses key weaknesses as assessed by the 2019 PEFA. The accompanying action plan is clear and sets clear targets and deadline for implementation of the strategy, while also appointing the responsible body for each of the action areas. A joint working group on PFM is in place and meets on a bi-annual basic. This group serves partly as a coordination body partly as a forum to exchange best practices and ideas. The capacity of the Ministry of Finance, the tax authorities, the customs authorities and the accounting chamber of Ukraine is reinforced by a comprehensive capacity building package EU4PFM of EUR 50.5 million. There is an ongoing bi-annual high level policy dialogue on PFM between the European Union and Ukraine, always followed up by operational conclusions on the key priorities of reform. This dialogue is strengthened by additional technical monitoring through the EU4PFM programme and regular working level meetings between the Ministry of Finance and EU representatives.

The ongoing Russia’s war of aggression has temporarily paused the PFM reform process in Ukraine, including the EU-UA PFM dialogue which last took place in November 2021.

In conclusion, the public finance management reform strategy is sufficiently relevant and credible, including on domestic revenue mobilisation, and the eligibility criterion is met.

2.4.4 Transparency and Oversight of the Budget

In 2021 important reforms have been made to the budget process in Ukraine. The budget declaration for 2022-2024 was adopted, which is an important step towards medium term budget planning and is the basis for the 2022 budget. The 2022 budget was approved in December 2021, based on medium term planning.

The annual executive budget proposal and enacted budget provide a comprehensive picture of central government fiscal forecasts and out-turn, including forecast of the fiscal deficit with current year's budget, and aggregated budget data for both revenue and expenditure.

The objective of the PFM strategy and action plan 2021-2025, supports the progress achieved by Ukraine in the area of budget transparency, including further extension of information to be published in machine-readable format, budget requests, passports of budget programs of key spending units and reports on their implementation. Also, measures to further increase fiscal transparency will be developed following the assessment conducted by the International Monetary Fund. As for local budgets, unification and standardization of methods and measures of disclosure of information of the key spending units of local budgets, decisions on local budgets and local budget forecasts will be provided. This will allow every citizen to get acquainted with the main budget indicators of their city, district, community or region and compare them with others using a clear procedure. The aim set in the 2021-2025 PFM strategy is for Ukraine to achieve at least 67/100 points in 2025 in the open budget index. The last recorded score was 65 points in 2021 (compared to 54 in 2017).

According to the 2021 Fiscal transparency Report published by the US department of State the Government of Ukraine generally makes its budget and information on debt obligations widely and easily accessible to the general public, including online. Budget documents provide a substantially complete picture of the government's planned expenditures and revenue streams. However, the government maintains off-budget accounts, including three social insurance funds, which have yet to be independently audited. To further improve budget transparency, Ukraine should strengthen the use of international standards in the Accounting Chamber of Ukraine¹³, subject off-budget account to public oversight, increase transparency in the award process for natural resource extractions contracts and strengthen the compliance of budget spending.

In 2022, since the beginning of Russia's war of aggression against Ukraine, budget information is no longer published for security reasons as it is considered classified information. Budgetary transparency and information is limited to a few sporadic press releases from the Ministry of Finance to inform citizens. Municipal and local budgets data are also no longer available to the general public. At the same time, the budgetary approval process remains in place, apart from emergency issues, where the Parliament has delegated its approval powers to CABMIN. Substantial issues like the budgetary deficit for instance still require the approval of the Parliament. Given the circumstances it is considered justified to maintain budgetary information classified, however, when Ukraine will move into a period of recovery – increased budgetary oversight and transparency will be important to prioritise and implement for the Government of Ukraine.

In conclusion, the relevant budget documentation for 2021 has been published and the eligibility criterion is met.

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The **overall objective** (Impact) of this Action is to mitigate the impact of Russia's war of aggression on Ukraine's population (by strengthening the means of the Government to meet the needs of the population on top of those covered by humanitarian aid and civil protection).

The **specific objectives** (Outcomes) of this Action are:

1. Support the livelihoods' needs of conflict affected populations by strengthening the capacity of Ukrainian legitimate public institutions;
2. Contribute to ensuring housing for IDPs as well as for returnees including in liberated areas;

¹³ The ACU continues to operate in Ukraine, with all staff called back to office as of May 2022. The ACU have not engaged in any proactical audits since the outbreak of the war, but have instead focused on improving its methodology and procedures according to international standards. The ACU published its annual rapport for 2021 in April 2022 as per usual practice.

3. Contribute to the country's food security and economic resilience by ensuring uninterrupted production of agricultural and food products and supporting the access of small farms to working capital.

The induced **outputs** to be delivered by this Action contributing to the corresponding specific objectives (Outcomes) are:

- 1.1 Existing state support programmes through social transfer / distribution schemes continue to be implemented to secure conflict affected population's livelihoods.
- 1.2 Strategic needs of the conflict affected populations are met by establishing an extensive network/stock of raw materials and other resources reserves;
- 2.1 The Ukrainian government is implementing a support programme on IDPs' housing based on a clear strategy;
- 2.2 The Ukrainian government has put in place a support programme for repairs of war affected buildings in the residential sector allowing returns of people to original housing in liberated areas;
- 2.3 The Ukrainian government co-finances jointly with donors a new programme within the Energy Efficiency Fund with view to support 'build forward better' of war affected buildings in the housing sector.
- 3.1 Smaller farms, especially those that are not recorded in the Register of Legal Entities, are registered in a consolidated State Agrarian Register (SAR);
- 3.2 A Production Support Grant (PSG) scheme is established through SAR's payment module and allows direct payments to small farms of less than 120 ha based on EU state support standards;
- 3.3 A National Food Security online platform is legally consolidated and in regular use by all actors of food value chains.

The **direct outputs** to be delivered by this Action are:

1. Helping to relieve the external financing constraints by increased fiscal space, budgetary transparency and reduced transaction costs.
2. More aligned policy dialogue and improved policies and support to conflict affected populations

3.2. Indicative Activities

Activities related to the direct output 1

Continuous fulfilment of the conditions will be ensured through the dedicated policy dialogue (see below) as well as constant communication with the authorities and monitoring and assessment visits conducted on the ground.

Activities related to the direct output 2

A robust policy dialogue will accompany the State and Resilience Building Contract throughout its implementation period.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

Outcomes of the Strategic Environmental Assessment (SEA) screening (relevant for budget support and strategic-level interventions).

The SEA screening concluded that no further action was required.

Outcomes of the Environmental Impact Assessment (EIA) screening (relevant for projects and/or specific interventions within a project).

The EIA screening classified the Action as Category C (no need for further assessment).

Outcome of the Climate Risk Assessment (CRA) screening (relevant for projects and/or specific interventions within a project).

The CRA screening concluded that this Action is no or low risk (no need for further assessment).

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this Action is labelled as G1. This implies that the principles of gender equality and women empowerment are significant objectives to this Action.

The principles of gender equality and women empowerment are significant objectives to this Action. The principle of gender equality will be embedded in the activities related to targeted civilian crisis and response measures, ultimately benefiting crisis-affected women and girls. The project will primarily target internally displaced population groups, returnees and host communities. The majority of displaced peoples are women and girls, hence women and girls will constitute the majority of the projects final beneficiaries. During the implementation stage and through policy dialogue, a focus on gender-specific issues will be taken into account.

Under the regional programme for prevention, preparedness and response to natural and man-made disasters (PPRD East 3) the “Practical guidelines for integrating gender, human rights and environmental issues in Disaster Risk Management” have been developed and can serve as a guiding tool.

Human Rights

Actions under this programme will apply the human rights based approach and be based on the principles of good governance, equality and the inclusion of socially or economically deprived or vulnerable groups.

Disability

As per OECD Disability DAC codes identified in section 1.1, this Action is labelled as D1. This implies that the inclusion of persons with disabilities is an important objective of the Action as they would be directly affected by the objectives of the Action. In 2014, the estimated numbers of persons with disabilities is at 2.7 million, representing 6% of the total population of the country.

Democracy

Actions under this programme will support steps taken by the Ukrainian government to address the principles of public administration developed by the European Commission in close cooperation with the OECD/SIGMA.

Conflict sensitivity, peace and resilience

The contract is intended to increase the overall resilience of economy and society to external shocks, with a particular emphasis on mitigating the impact of the war for the conflict affected population groups. .

Disaster Risk Reduction

While the contract will help bolster the response capabilities of civil protection players with its specific emphasis on civilian crisis preparedness and response, it will also help eliminate or reduce disaster risk through proactive measures taken before the emergency occurs. An all-hazards approach will be adopted including all potential natural and human-induced (intentional and non-intentional) risks to ensure that mitigation of one risk does not increase the country’s vulnerability to other risks.

3.4. Risks and Assumptions

Category ¹⁴	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
1	Escalation of military activity, Russia's war of aggression protracts over an extended period of time and security conditions deteriorate further.	M	H	Support the strengthening of Ukraine's civilian crises preparedness and state support management structures based on international best practice and lessons learned.
2, 3	There is an identified risk and prevalence of corruption in Ukraine, which can undermine the reform process and prevent support to reach the most vulnerable or identified target farms.	M	H	Ensure a strong policy dialogue, which will closely follow the establishment of clear coordination structures for emergency and state support assistance.
2, 3	Lack of capacity of the government to define and implement efficiently short and medium term response measures to establish a credible crises preparedness and management structure.	M	M	Pursue the policy dialogue and technical support to the relevant public authorities, ensure close co-ordination with international partners and civil society organisations in order to support the strengthening of civilian crises preparedness.
2,3	Unintended negative human rights impacts or risks that perpetuate gender inequalities.	L	M	In the development of the outputs under this action, a human rights approach is used, seeing to increase protection systems for the most vulnerable including IDP's, conflict affected populations, women and girls.
1,2	The external financing gap could not be filled beyond 2022, which could cause macro-economic destabilization.	H	H	Continued macro-financial assistance from the EU and the IFM. Continued political pressure to de-escalate the conflict.
2,3	Normal oversight procedures could be jeopardised in a crisis, increasing the risk of corruption and	M	M	Ongoing and continued strengthening of PFM monitoring and dialogue with relevant stakeholders in Ukraine. Civil Society contract on budget monitoring being prepared.

¹⁴ The risk (category) can be related 1-to the external environment; 2-to planning, processes and systems; 3-to people and the organisation; 4-to legality and regularity aspects; 5-to communication and information.

	mismanagement of funds.			
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External Assumptions:

It is assumed that the Government of Ukraine will continue to be functional during the duration of the action. That there is a treasury account under the control of the Government of Ukraine, where the funds can be deposited and that there is an interests by the Government of Ukraine in mitigating the impact of the war among groups of people mostly affected by the ongoing Russia’s war of aggression against Ukraine, including internally displaced people, returnees and host communities. Furthermore, it is assumed that once the situation allows, the Government of Ukraine will continue the reform process in fundamental areas for budget support such as macro-economic stability, budgetary transparency and public finance management.

3.5 Intervention Logic

The underlying intervention logic for this action is that the transfer of funds to the Ukrainian state budget will increase fiscal space in a context of increased stress on international financial markets and will accordingly lower transaction costs, allowing to underpin reform priorities in the areas of resilience and civilian crisis preparedness. An accompanying robust policy dialogue will ensure sufficient focus on advancing government efforts through increased reporting and monitoring activities. A specific attention will be put, through coordination, at ensuring the complementary of the Action with other means of intervention already in place in the country (humanitarian aid, pooled funds, and projects). At the same time, flanking actions from existing and newly designed technical assistance interventions and grants will contribute to building capacities of relevant Ukrainian counterparts at central, but also regional and local level and thus further improve relevance and quality of the reform (direct outputs).

The State and Resilience Building Contract will induce Ukraine to continue strengthening its policies in support of the population affected by the conflict. In particular it will support the capacity of Ukrainian legitimate public institutions to address immediate livelihoods’ needs of conflict affected population including by contributing to ensuring housing for IDPs as well as for returnees and contribute to the country’s food security and economic resilience by ensuring uninterrupted production of agricultural and food products and supporting access of small farms to working capital.

Ultimately this should contribute to improved livelihoods for the population groups most affected by Russia’s war of aggression based on a strengthened institutional framework in Ukraine.

3.6 Indicative Logical Framework Matrix

Results	Results chain	Indicators (max. 15)	Baselines (2022)	Targets by the end of the budget support contract (2022-2025)	Sources of data (1 per indicator)
Indicative Impact of the policy (Overall objective)	The impact of Russia's war of aggression on Ukraine population (by strengthening the means of the Government) was mitigated.	<i>Inform Severity Index</i>	<i>3.7 in January 2022</i>	No deterioration	https://drmkc.jrc.ec.europa.eu/inform-index/INFORM-Severity/Severity-Crisis-Profile

<p>Expected Outcomes of the policy (Specific objectives)</p>	<p>1. Support to the livelihoods' needs of conflict affected populations by strengthening the capacity of Ukrainian legitimate public institutions</p> <p>2. Contribution to ensuring housing for IDPs as well as for returnees including in liberated areas;</p> <p>3. Contribution to the country's food security and economic resilience by ensuring uninterrupted production of agricultural and food products and supporting the access of small farms to working capital</p>	<p><i>1.1. Proportion of population benefiting from Ukrainian legitimate government's social transfer schemes to cover their basic livelihoods' needs</i></p> <p><i>1.2 Geographical coverage of governmental social transfer schemes</i></p> <p><i>2.1 Proportion of IDPs benefiting from offered housing options (segregated by type of housing);</i></p> <p><i>2.2 Proportion of displaced people able to return to the original location in liberated areas (to original housing, original restored housing, new housing)</i></p> <p><i>3.1 Production of main agricultural crops – wheat, corn and sunflower seeds</i></p>	<p><i>1.1. 7% of the population having benefitted from social transfers</i></p> <p><i>1.2 Target oblasts of government controlled areas;</i></p> <p><i>2.1 Proportion of IDPs offered housing options in April 2022 (TBD)</i></p> <p><i>2.2 Proportion of displaced people able to return to the original location in liberated areas in April 2022 (TBD)</i></p> <p><i>3.1 Total crop production in 2021: Winter wheat: 31.4 million tons; Corn: 42.1 million tons; Sunflower seeds: 16.4 million tons.</i></p>	<p><i>1.1 Increased proportion by 20%</i></p> <p><i>1.2 No deterioration</i></p> <p><i>2.1 Increased proportion of IDPs compared to baseline.</i></p> <p><i>2.2 Increased proportion of people compared to April 2022</i></p> <p><i>3.1 Decrease in production in 2022-23 [- 50%]</i></p>	<p><i>Government of Ukraine and UNHCT reports (Ministry of Social Policy, UN agencies and partner of the multipurpose cash cluster)</i></p> <p><i>Government of Ukraine / State Statistics Service reports</i></p> <p><i>Government of Ukraine / State Statistics Service reports</i></p>
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Induced Outputs	1.1. Existing state support programmes through social transfer / distribution schemes continue to be implemented to secure conflict affected population's livelihoods.	<i>1.1.1. Status of CMU Resolution No 490 of 29.04.2022 "On approving compensation mechanism for temporary hosting of IDPs moved during martial law period" to introduce a monitoring mechanism for state and international organisations assistance;</i>	<i>1.1.1. CMU Resolution No 490 of 29.04.2022 in force without amendments;</i>	<i>1.1.1. Amendments to CMU Resolution No 490 of 29.04.2022 adopted;</i>	<i>CMU Database of adopted resolution and VRU database of adopted Laws.</i>
	1.2 Strategic needs of the conflict affected populations are met by establishing an extensive network of raw materials and other resources reserves;	<i>1.1.2. Number of beneficiaries amongst conflict affected population from the different state social transfer schemes</i>	<i>1.1.2. 2.7 million people benefitted from state social transfer schemes in March-April 2022</i>	<i>1.1.2. Increased number of beneficiaries for the period April-June 2022 to 4 million</i>	<i>Ministry of Social Policy's beneficiaries' monitoring reports.</i>
		<i>1.2.1 Status of the National Network of strategic Products Reserve</i>	<i>1.2.1. Network incomplete</i>	<i>1.2.1. Network complete.</i>	<i>Government reports and stocks mapping</i>
	2.1 The Ukrainian government is implementing a support programme on IPDs housing based on a clear strategy;	<i>2.1.1 Status of the strategy and legislation on IDP. Status of implementation of the State programme on IDPs.</i> <i>2.1.2 Number of beneficiaries of the State support programme on IDPs housing</i>	<i>2.1.1 Strategy is incomplete. Legislative package is incomplete.</i> <i>2.1.2 Number of beneficiaries of the State support programme on IDPs housing in April 2022 (to be defined).</i>	<i>2.1.1 Strategy and the full legislative package are adopted. Support programme adopted</i> <i>2.1.2 Increased number (from baseline) of beneficiaries of the State support programme on support to IDPs.</i>	<i>Register of IDPs & host communities</i> <i>Government reporting (MAPF, SSUFSCP, local authorities); Project reports</i>
2.2 The Ukrainian government has put in			<i>2.2.1 Support programme is implemented.</i>	<i>Government reporting (local</i>	

	<p>place a support programme for repairs of war affected buildings in the residential sector allowing returns of people to original housing in liberated areas;</p> <p>2.3 The Ukrainian government has co-financed jointly with donors a new programme within the Energy Efficiency Fund with view to support ‘build forward better’ restoration of war affected buildings in the housing sector.</p> <p>3.1 Smaller farms, especially those that are not recorded in the Register of Legal Entities, are registered</p>	<p>2.2.1 <i>Status of the support programme for repairs in the residential sector in liberated areas;</i></p> <p>2.2.2 <i>Number of beneficiaries of the support programme for repairs in the residential sector</i></p> <p>2.3.1 <i>New programme of the Energy Efficiency Fund on restoration of the housing sector is adopted;</i></p> <p>2.3.2 <i>The funds allocated by the Ukrainian government to the new programme of the Energy Efficiency Fund on restoration of the housing sector;</i></p> <p>2.3.3 <i>Number of households benefiting from the new programme of the Energy Efficiency Fund on restoration of the housing sector.</i></p> <p>3.1.1. <i>Number of farmers registered in the SAR, including farms not registered in the Register of Legal Entities;</i></p>	<p>2.2.1 <i>Support programme is adopted.</i></p> <p>2.2.2 <i>Number of beneficiaries of the support programme for repairs in the residential sector in April 2022</i></p> <p>2.3.1 <i>Programme incomplete</i></p> <p>2.3.2 <i>May 2022: EUR 0</i></p> <p>2.3.3 <i>May 2022: 0 households</i></p>	<p>2.2.2 <i>Increase of the number of beneficiaries of the support programme for repairs in the residential sector</i></p> <p>2.3.1 <i>Programme adopted and being implemented</i></p> <p>2.3.2. <i>The Ukrainian government allocates funds to the programme in the amount representing at least 20% of the international donor funds</i></p> <p>2.3.3 <i>First (min 1) beneficiaries have been identified</i></p> <p>3.1.1. <i>At least 1,000 farms registered in SAR</i></p>	<p><i>authorities), registries of IDPs</i></p> <p><i>Government reporting (oblast and local authorities)</i></p> <p><i>Law on the State budget of Ukraine 2023-2024;</i></p> <p><i>Reports of the Energy Efficiency Fund.</i></p>
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	<p>in a consolidated State Agrarian Register (SAR);</p> <p>3.2 A Production Support Grant (PSG) scheme was established through SAR's payment module and allows direct payments to small farms of less than 120 ha based on EU state support standards;</p> <p>3.3 A National Food Security online platform was legally consolidated and in regular use by all actors of food value chains.</p>	<p>3.2.1. Law of Ukraine "On state budget of Ukraine for 2022" (Reg. No 1928 of 02.12.2021 with amendments of 23.02.2022, 03.03.2022, 15.03.2022, 21.04.2022) entails a EUR 50 million provision for the PSG scheme;</p> <p>3.2.2. Status of CMU Resolution "On the Rules of Using Finance for Production Support Grant Scheme (direct payments);</p> <p>3.2.3. Number of small farms (of max. 120 ha and/or if possible 100 heads of cattle), which have submitted a request for direct payment through the PSG scheme</p> <p>3.3.1. Status of CMU Resolution "On National Food Security Platform"</p>	<p>3.1.1. About 500 farms registered in SAR [April 2022]</p> <p>3.2.1. Law of Ukraine "On state budget of Ukraine for 2022" (Reg. No 1928) in force without required amendments;</p> <p>3.2.2. CMU Resolution "On the Rules of Using Finance for Production Support Grant Scheme (direct payments) not adopted;</p> <p>3.2.3. 0 small farms [May 2022]</p> <p>3.3.1. CMU Resolution "On National Food</p>	<p>3.2.1. Amendments to Law of Ukraine "On state budget of Ukraine for 2022" (Reg. No 1928) allocating EUR 50 million to the PSG scheme adopted;</p> <p>3.2.2. CMU Resolution "On the Rules of Using Finance for Production Support Grant Scheme (direct payments) adopted;</p> <p>3.2.3. At least 1,000 small farms [July 2022]</p> <p>3.3.1. CMU Resolution "On National Food Security Platform" adopted;</p>	<p>SAR farm registration records</p> <p>CMU Database of adopted resolution and VRU database of adopted Laws.</p> <p>SAR records, reports from government authorities</p>
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		3.3.2. <i>Status of National Food Security online platform</i>	<i>Security Platform” being drafted;</i> <i>3.3.2 National Food Security online platform initially established</i>	<i>3.3.2. National Food Security online platform in use by food value chain actors</i>	<i>(MAPF, Farmers’ Fund).</i> <i>CMU Database of adopted resolutions;</i> <i>SSUFSCP reports on platform use monitoring</i>
Direct Outputs	1. Help to relieve the external financing constraints by increased fiscal space, budgetary transparency and reduced transaction costs. 2. More aligned policy dialogue and improved policies and support to conflict affected populations	<i>1.1 Money received in the treasury</i> <i>2.1 EU-Ukraine High-Level Dialogue on Agriculture and food security</i> <i>2.2 EU-Ukraine working group on the Production Support Grants</i> <i>2.3 EU-Ukraine Dialogue on Housing for IDPs and returnees</i>	<i>1.1 no money received</i> <i>2.1.1. Dialogue has not taken place yet in 2022</i> <i>2.2.1. Working group has not yet met</i> <i>2.3.1 Dialogue has not taken place</i>	<i>1.1 EUR 500 million received</i> <i>2.1.1. Dialogue takes place in 2022</i> <i>2.2.1. Working group has met and PSG management structure agreed</i> <i>2.3.1 Dialogue takes place in 2022</i>	<i>Records of the Ukrainian Treasury</i> <i>Continued discussions in the framework of EU-Ukraine High Level Dialogues</i>

4. IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

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

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3.1 will be carried out and the corresponding contracts and agreements implemented, is 36 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this financing Decision and the relevant contracts and agreements.

4.3 Implementation of the Budget Support Component

4.3.1 Rationale for the Amounts Allocated to Budget Support

The amount allocated for the budget support component is EUR 500 000 000.

This amount is based on the commitment of the partner country to allocate national budget resources (including EU budget support) to mitigate the impact of the ongoing Russia's war of aggression against Ukraine for the population groups most affected by the war, including IDPs, returnees and host communities.

4.3.2 Criteria for Disbursement of Budget Support

a) Conditions

The general conditions for disbursement are as follows:

- Satisfactory progress in the implementation of the policies/measures for: 1) protection of livelihoods of the displaced and conflict-affected population (2) provision of housing (3) strengthening food security and the agricultural sector and continued credibility and relevance thereof or of the subsequent policy/measure/programme.
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

The specific conditions are as follows:

- The budget support payment will only be executed if a democratically elected government of Ukraine is in control over the management of the treasury.

b) Fundamental values

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

4.3.3 Budget Support Details

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into Ukrainian Hryvnas will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

The budget support component consists of one single tranche.

4.4 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Budget support - cf. section 4.3	500 000 000
Evaluation - cf section 5.2	Will be covered by another Decision
Audit – cf. section 5.3	
Communication and Visibility – cf. section 6	N.A
Total	500 000 000

4.7 Organisational Set-up and Responsibilities

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

The indicative Ukrainian authorities involved in the implementation of the Action will include:

- the Cabinet of Ministers,
- the Governmental Office for European and Euro-Atlantic Integration,
- the Ministry of Finance,
- the Ministry for the Reintegration of Temporary Occupied Territories,
- The Ministry of Social Policy;
- The Ministry of Economy and its partners, PJSC Ukrazaliznytsia and concerned Regional Military Administrations;
- The Ministry of Agrarian Policy and Food, its Farmers Fund and the State Service of Ukraine on Food Safety and Consumer Protection (SSUFSCP).

Relevant local authorities and civil society groups may also be invited to participate in the monitoring of the action. Main focal point for implementing the action and direct counterparts for the EU will be the Ministry of Finance and the Governmental Office for European and Euro-Atlantic Integration. The Ministry of Finance will be delivering the disbursements requests and evidence of progress linked to the payment. Regular policy dialogues and steering committee meetings with participants of relevant Ukrainian counterparts will underpin the monitoring of the action.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

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 indicative logframe matrix.

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).

EU technical assistance under ongoing projects will regularly monitor the delivery of cash to IDP beneficiaries and host communities. As this is an innovative approach to farm state support in the agriculture sector, the establishment and operations of the pilot Production Support Grant (PSG) Scheme by the Farmers Fund under the Ministry of Agrarian Policy and Food will be supported by technical assistance under the Institutional and Policy Reform for Smallholder Agriculture (IPRSA) Project. Furthermore, the World Bank, through its EU-funded Project "Supporting Transparent Land Governance in Ukraine" will implement an ex-post monitoring and evaluation of the operation, of which report of finding and lessons learnt will be widely shared to improve following state support campaigns and programme, including with resources by other donors.

Roles and responsibilities for data collection, analysis and monitoring:

The government will coordinate and monitor the development of the above-mentioned actions and policies, including possible necessary reviews. The responsible agency for each objective and measure will be in charge of developing sectoral performance based action plans with further specified outcomes, outputs, Key Performance Indicators (KPIs) and budgets based on the evidence-based policy and the budgeting principles of the government of Ukraine. Close monitoring of the situation will be performed in coordination with the International Monetary Fund (IMF) and other partners such as the European Bank of Reconstruction and Development (EBRD), the European Investment Bank (EIB) the World Bank and relevant civil society organisation.

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the Action.

The assessment of performance indicators may require carrying out external reviews or data verification exercises to contribute to strengthening the policy monitoring framework and national statistical systems.

5.2 Evaluation

Having regard to the importance of the action, a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this is the beginning of setting up a national system of resilience.

The Commission shall form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national (representatives from the government, from civil society organisations (private sector, NGOs, etc.), etc.) levels. If deemed necessary, other donors will be invited to join. The Commission shall inform the implementing partner at least 60 days in advance of the dates envisaged 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 following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under another decision.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this Action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the Communication and Visibility Requirements of 2018 (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and delegation agreements.

Implementing partners shall keep the Commission and the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.

The communication and visibility activities might be coordinated with partner country's communication on the policy itself and/or its results (when relevant and feasible). Strengthening of the capacities of the partner's country to communicate on its policy, on the related reforms and on the expected/achieved results might also be considered in that context.'