

Evaluation of the Commission of the EU's co-operation with Ukraine ref. 1283

Abstract

The European Commission's support to Ukraine during the period 2002-2009 has been found relevant to the country's needs, notably in the area of economic growth and trade. Cooperation was in alignment with the government and consistent with the European Neighborhood Policy. Improvements can be made in the social areas. During the period in question, budget support was only starting. It should be improved and increased in the future. The existing policy dialogue should be further strengthened and its possible disconnection from cooperation be avoided. The capacity strengthening of Civil Society Organisations should become more sustainable.

Subject of the evaluation

This evaluation assesses the European Commission's support to Ukraine during the period 2002-2009. The period covered is characterized by permanent political instability.

Purpose

The purpose of the evaluation was to provide an overall independent assessment of the EC's past and current cooperation strategy and support for the country relations with Ukraine and to identify key lessons in order to improve the current and future strategies and programmes.

Methodology

The evaluators examined a huge range of relevant documents covering the more general to the most specific project linked information. The study was based on a sample of 20 interventions covering the main sectors of cooperation with Ukraine. A combination of different information sources and tools was used including interviews with relevant stakeholders at EC Headquarters, the EU Delegation, national authorities, implementing partners, beneficiaries, civil society and other donors.

Main conclusions

1. The Commission's efforts in the area of the most important institutional aspects for a mutually profitable rapprochement have been achieved in close cooperation with Government and increasing involvement of Civil Society Organisations. The cooperation was oriented towards the achievement of objectives fully consistent with those of the European Neighbourhood Policy.
2. The most important results have been attained in the area of economic growth and trade. Significant outcomes have resulted from the Commission support to legal and regulatory framework, nuclear safety, integration into the European energy market and the fight against illegal cross-border activities. However the intention to focus on a limited number of areas and to move towards sector-wide approach did not materialise.

The social issues were not addressed in a comprehensive manner; for example, the pension and employment policy were not addressed as foreseen; the interventions in health sector led to positive results, but they did not succeed to promote reform of the inefficient and inequitable healthcare system. Social issues were dropped from cooperation priorities to be eventually undertaken only as components of projects in support of local development.

3. Budget Support is still in an initial phase and has not yet delivered its potential benefits, as the delegation and the Government are still in the learning process. Public Finance Management (PFM) has been addressed. A policy dialogue has been permanently

established since 1999 and the negotiations on an Association Agreement and a Comprehensive Free Trade Agreement have given a new impetus to the policy dialogue. However, since the cooperation is addressed by sector sub-committee meetings as separate agenda from the policy dialogue, there is a risk of disconnecting cooperation from policy.

4. Donor coordination is limited to exchange of information and did not prevent overlaps between projects. The establishment and efforts of a Major Donor Group driven largely by the Delegation resulted in mainly common approach from the donor community to a range of policy issues. However, in the absence of donors' coordination led by the Government it is basically limited to an exchange of information.

The development and capacity strengthening of Civil Society Organisations was addressed at the local level in the provision of social services and assistance to vulnerable groups. However sustainability of partner Civil Society Organisations and of structures established by the projects was not achieved.

Recommendations

- **ad 2:** Regarding cooperation areas, the social issues should be addressed in a comprehensive manner: more attention should be given to the development of an effective and efficient social protection system and in particular the healthcare system, education and employment policy. The balance between support to social and economic developments should be improved.
- **ad 3:** The EC should concentrate its cooperation on budget support and sector wide approach and leave small projects to bilateral donors for which they can more rapidly and flexibly mobilise resources. Design and management of the budget support should be improved. Furthermore the increase of budget support could improve the link between the cooperation interventions and the policy dialogue, providing that results of the performance monitoring are analysed and discussed. Moreover, the Commission should undertake an in-depth policy dialogue with the GoU on the Public Finance Management (PFM). The structure for a policy dialogue on the improvement of the PFM involving the Commission and other donors active in this field should be established.
- **ad 4:** Coordinating donor support is primarily a responsibility of the Government. The EC should however propose to the Government that all donors providing assistance to a given sector, whatever the modalities of their assistance, should participate in the structures established to monitor the implementation of the relevant programmes. The European Commission should encourage EU Member States to be more actively involved in the policy dialogue between the EC and the Government. The Delegation should pursue its efforts towards joint programming of its assistance with EU Member States with a view of promoting a division of labour based on the principle of comparative advantage.

Donor: European Commission	Region: European Neighbourhood	DAC sector : various (multi-sector, cross-cutting issues)
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